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U.S. NONPROLIFERATION POLICY

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U.S. Nonproliferation Policy, 103-1...

PRINTING

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

NOVEMBER 10, 1993

Printed for the use of the Committee on Foreign Affairs



Committee on Foreign Affairs

MAY 4 1994

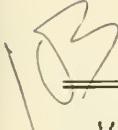
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U.S. NONPROLIFERATION POLICY

WEDNESDAY, NOVEMBER 10, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 10:06 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman) presiding.

Chairman HAMILTON. The committee will please come to order. Today's hearing focuses on U.S. nonproliferation policy.

We are pleased to have as our witness the Honorable Lynn Davis, Under Secretary for International Security Affairs at the Department of State. Secretary Davis is accompanied by Paul Gebhard, Director for Policy Planning and Regional Strategies at the Department of Defense; Bill Clements, Acting Assistant Secretary for Export Administration at the Department of Commerce; Victor Alessi, Director of the Office of Arms Control and Non-proliferation at the Department of Energy; and Norman Wulf, Acting Assistant Director of the Arms Control and Disarmament Agency.

In his September 27 speech at the U.N., President Clinton highlighted U.S. nonproliferation policy as one of the most urgent priorities of his administration.

We are anxious to receive a more thorough description of the goals of the new nonproliferation policy and to hear from each agency concerning their plans to implement and achieve these goals.

Secretary Davis and gentlemen, we welcome you. I am advised that Secretary Davis has an opening statement.

Ms. DAVIS. I have a brief opening and a longer statement which I would like to put into the record, but I would hope that we would have time to share conversation about our goals and our objectives.

Chairman HAMILTON. That is fine.

Your statement, of course, will be entered into the record in full and we look forward to your testimony and the testimony of your colleagues.

You may proceed.

STATEMENT OF HON. LYNN E DAVIS, UNDER SECRETARY FOR INTERNATIONAL SECURITY AFFAIRS, DEPARTMENT OF STATE

Ms. DAVIS. Thank you very much, Mr. Chairman, and thank you very much for the opportunity to appear before your committee to discuss an issue of great importance to the Clinton administration. As you and your committee appreciate, nonproliferation is the arms

control priority of the post-cold war world. The proliferation of dangerous weapons represents the most critical security threat we face. As a result, the Clinton administration is placing a very high priority on nonproliferation.

Let me briefly describe the Clinton administration's nonproliferation agenda which spans the whole range of proliferation dangers and which we are pursuing with a global diplomatic effort.

SITUATION IN THE NIS

Secretary Christopher recently returned from a visit, a trip to Russia, Kazakhstan, Ukraine, and Belarus. In addition to pledging U.S. support for democratic reform, Secretary Christopher focused on the nuclear danger and our goal to prevent the threats posed from the proliferation of weapons of mass destruction.

The United States and Russia now as partners are consulting very closely on the goals of negotiating as quickly as possible a Comprehensive Test Ban Treaty, achieving the indefinite extension of the Nonproliferation Treaty, a global ban cutting off the production of fissile material for nuclear weapons purposes, and the elimination of chemical weapons. In Moscow, we worked together to ensure a smooth entry into force of the bilateral Missile Technology Control Regime agreement.

Kazakhstan committed to accede to the NPT as a nonnuclear weapons state by the end of this year. In Ukraine, President Kravchuk reaffirmed the goal of a nonnuclear Ukraine and his personal commitment to ratify the START Treaty and to accede to the NPT as a nonnuclear weapons state. He made clear that the Lisbon Protocol covers all nuclear weapons in the Ukraine, including the SS-24 missiles.

But much remains to be done, Mr. Chairman, particularly on the 3,000 former Soviet nuclear warheads that need to be eliminated from Ukraine, Kazakhstan, and Belarus. The United States is working actively to facilitate agreements to transfer all these nuclear warheads to Russia for dismantling and to provide compensation for the highly enriched uranium in them.

Through the Nunn-Lugar program, we will assist in the elimination of strategic offensive arms in all four states. Such assistance is already flowing to Russia and Belarus and we aim to put the necessary agreements in place with Ukraine and Kazakhstan in the coming weeks. To prevent these Nations from becoming a source of dangerous arms and technologies, we are working with them to establish effective export control systems.

Our activities in the Newly Independent States demonstrate the many diverse elements which constitute the Clinton administration's overall nonproliferation policy. Let me describe our overall goals with respect to our nonproliferation policy.

PROGRESS TOWARD COMPREHENSIVE TEST BAN

The spread of nuclear weapons is clearly the greatest proliferation danger we face. Our foremost goal is universal NPT membership. We are actively urging all NPT parties to join us in extending the Nonproliferation Treaty indefinitely and unconditionally in 1995. And I can report to you, Mr. Chairman, that support is growing for these goals.

The Clinton administration has announced two critical initiatives in support of our overall nuclear nonproliferation strategy: To achieve a Comprehensive Nuclear Test Ban Treaty by 1996, and to put in place a global convention cutting off production of fissile material for nuclear weapons purposes.

I can report again momentum toward a CTBT is growing. Last summer, the Conference on Disarmament reached consensus on beginning formal negotiations in Geneva in January of 1994.

Since then, we have made good progress on drafting a specific CD negotiating mandate for the Conference on Disarmament. And in addition, in New York at the General Assembly, for the first time, Mr. Chairman, we will achieve a consensus resolution supporting test ban negotiations. So we see movement and momentum toward a Comprehensive Test Ban Treaty.

NORTH KOREA

But we also need measures to strengthen the global nuclear nonproliferation regime with a regional focus. And here let me describe to you briefly one particular area of concern and one particular set of policies that are very important to our administration. And this has to do with North Korea.

President Clinton made clear that North Korea cannot be allowed to develop a nuclear bomb. We are thus working very closely with the IAEA, with Japan, South Korea, and other interested parties to bring North Korea into compliance with all of its international obligations. This is not an easy process but we remain committed to our goal of having North Korea comply with its safeguards obligations under the Nonproliferation Treaty and implement the North-South Denuclearization Declaration.

Recent North Korean behavior has been disappointing. The United States has made clear its readiness to address legitimate North Korean concerns. But unless the North Koreans take the necessary steps to persuade the world community that it is not pursuing a nuclear weapons option, we will have no choice but to end our bilateral dialogue with North Korea and pursue further steps in the United Nations Security Council.

EXPORT CONTROLS

Let me turn then briefly to a number of other initiatives and raise with you our goal and the progress we have made with respect to tightening export controls to prevent the spread of the materials necessary to produce chemical and biological weapons.

With respect to missile proliferation, the multilateral Missile Technology Control Regime will continue to be the primary tool of U.S. missile nonproliferation policy. It works and has enjoyed several recent successes which this committee has learned about through our past consultations.

In South Africa, Argentina, Hungary and in Russia we are achieving successes with respect to the flow of missiles and missile technology. We now intend to move the regime into the future, beyond a group of responsible suppliers that seeks to ensure that its own industries do not inadvertently contribute to missile proliferation, to a group that works actively together to deal with the missile proliferation problem worldwide. We have also demonstrated

that we are prepared to pursue our nonproliferation goals vigorously even when such efforts involve sanctions and may risk frictions in critical bilateral relationships.

Again, moving rather quickly, but to point out the breadth and range of the Clinton administration's overall nonproliferation policies, we are in the process of reorienting export controls in the post-cold war world to meet the new dangers and security concerns that we see in the world that we now live in. .

SUCCESSOR TO COCOM

There is general agreement that the COCOM controls on trade with Russia and the other states of the former Warsaw Pact should be phased out and a partnership offered to Russia and other Newly Independent States in a new regime. The partnership will be based on clearly defined criteria concerning adherence to export controls and nonproliferation norms. We and our allies are discussing now how best to structure a new regime in partnership with Russia and the other Newly Independent States to enhance transparency and coordination of controls on exports of arms and sensitive dual-use and military technologies. Our approach is multilateral, focused on new dangers, and particularly focused on the dangers we see in Iran, Iraq, Libya, and North Korea.

BROAD VIEW OF U.S. NONPROLIFERATION POLICY

Again, all too briefly, Mr. Chairman, I have gone through the various elements of our overall nonproliferation policy. Let me conclude by a few observations with respect to how to think about our nonproliferation goals in the new world.

We very much appreciate the complex nature of the task of promoting nonproliferation. It is not simply stopping the flow of technologies, weapons, or hardware. Rather, it deals with the tough and interrelated issues of security, economics, jobs, and trade. It also cuts to the fundamental prerogative of states and that is their sovereignty.

Nonproliferation requires global engagement. Success will also require regional strategies tailored to the specific security concerns of individual countries. Diplomacy, backed up by American power, represents our primary tool in attaining our nonproliferation goals. At the same time, we will ensure that U.S. and allied forces are prepared to cope with possible threats if our nonproliferation efforts were to fail.

Success will require American leadership. The Clinton administration is poised to undertake that leadership around the world. We also recognize that we cannot shoulder all nonproliferation responsibilities alone. We will require the help of others to succeed, first in controlling trade in dangerous arms and technologies which are available now around the world.

But let me conclude, Mr. Chairman, that as important, if not more important, will be that the administration and the Congress will work as a team. We share the same nonproliferation goals, and working together, in my view, we will be able to achieve these so the world knows that the United States stands firmly for these goals and that we are prepared to take the steps necessary to achieve those goals.

Thank you very much, Mr. Chairman.

[The prepared statement of Ms. Davis appears at the conclusion of the hearing.]

Chairman HAMILTON. Are there any other statements from our witnesses?

OK. Thank you, Secretary Davis.

We will begin with questions, then.

MOST URGENT PROLIFERATION PROBLEM

What is the single most urgent proliferation problem today?

Ms. DAVIS. I think the single most urgent proliferation problem has to do with the potential threat of nuclear weapons. That is our highest priority. That is not to say that the other priorities are not also very important, but to your question, our highest priority is to prevent the proliferation of nuclear weapons.

Chairman HAMILTON. What country concerns you the most?

Ms. DAVIS. Well, there are a number of countries and in many ways, these countries raise different kinds of concerns. We focus most specifically on the concerns generated by the fact that there are very large numbers of nuclear weapons in the former States of the Soviet Union. And as I tried to describe in my testimony, the various steps that we have been taking to remove those threats, and in particular, to ensure that the three states that became independent but on whose territories nuclear weapons existed, are prepared to make good on their commitments on the Lisbon Protocol, that is ratify the START treaty, and become nonnuclear adherents to the NPT.

Chairman HAMILTON. When you think about the threat to the United States, what country worries you the most?

Ms. DAVIS. I still think we need to focus on the nuclear weapons, the very large numbers of nuclear weapons in the States of the former Soviet Union, even as we build those partnerships with those countries. I can move on, though, and focus on a country that also raises serious concerns and, clearly, as I presented in my testimony, the possibility of the development of nuclear weapons in North Korea is also a serious concern.

Chairman HAMILTON. As to the threat to the United States, you would put the New Independent States ahead of North Korea at this moment?

Ms. DAVIS. At this moment, Mr. Chairman, I would because while we have serious concerns about the possibility that North Korea is developing nuclear weapons, they haven't acquired those nuclear weapons and, therefore, in that circumstance, they are not through those nuclear weapons a direct threat to the United States.

But that is not to say that over time that we wouldn't worry if they were to acquire those nuclear weapons and indeed the whole purpose of our policy is to prevent that from happening.

SITUATION IN NORTH KOREA

Chairman HAMILTON. Let me ask you, where do things stand right now in the negotiations on North Korea's nuclear program? What is the United States, South Korea, and the IAEA, asking of North Korea?

Ms. DAVIS. The United States and the whole international community is asking North Korea to carry out its obligations under the Nuclear Nonproliferation Treaty, and in addition, to move to implement its agreement with South Korea for a denuclearization of that peninsula. So what we are seeking to do is to have North Korea provide us with confidence that they are not developing nuclear weapons.

Chairman HAMILTON. And what has the North Korean response been?

Ms. DAVIS. As you will recall, Mr. Chairman, in the spring, the North Koreans withdrew from the treaty and subsequently have suspended their withdrawal from that treaty. They have also permitted some limited inspections to have occurred over the course of the past few months. But their response to us is that they doubt the impartiality of the International Atomic Energy Agency and have been resisting the kinds of inspections that the agency seeks to carry out in order to have confidence that North Korea is carrying out its obligations under the treaty.

Chairman HAMILTON. So North Korea, at the present time, is unwilling to permit the kind of international inspections that we in the international community think appropriate.

Ms. DAVIS. At the present time, Mr. Chairman, the North Koreans have not been prepared to accept the kinds of inspections that the IAEA is seeking so that the IAEA can have confidence that the continuity of safeguards—that is a term of art—but that the safeguards regime necessary to have confidence with respect to North Korea's activities is being carried out.

Chairman HAMILTON. What does continuity of safeguards mean?

Ms. DAVIS. Well, the continuity of safeguards is a way of describing the kinds of activities that the IAEA performs in terms of their inspections, watching over the kinds of activities that could lead to the development of nuclear materials.

Chairman HAMILTON. Has that continuity been broken?

Ms. DAVIS. The IAEA has stated that the continuity of safeguards has not at this time been broken but that their confidence in their ability to say that North Korea is carrying out their obligations is seriously eroding.

Chairman HAMILTON. If they can't get the kind of inspections they want, why wouldn't they say the continuity is broken?

Ms. DAVIS. Well, it is a process—it is a process that has—it is hard to have a single point in time. What happens in the course of these inspections, Mr. Chairman, is that the IAEA watches over activities associated with the potential production of nuclear materials. They had some limited inspections over the past few months and were able to say to the world that the continuity of safeguards had been maintained but the fact that they are now not permitted to do the kind of inspections that they are asking for has led them to believe that we are facing a time in which they would not be in a position to make that determination.

Chairman HAMILTON. They are not now producing fissile material, are they?

Ms. DAVIS. That is correct, Mr. Chairman.

Chairman HAMILTON. What is the significance of that? Does that mean that we do not necessarily need to go to the brink right away with North Korea?

Ms. DAVIS. Let's step back and say that our overall goal is to prevent North Korea from acquiring nuclear weapons, and not to acquire nuclear weapons by developing materials in order to make those weapons. The whole purpose of our seeking to follow those activities is to give us confidence that they are not currently developing nuclear materials. If we are not able to watch over those activities, then we would lose confidence over time that they are not developing nuclear weapons.

Chairman HAMILTON. Do they have a nuclear weapon today?

Ms. DAVIS. The Director of Central Intelligence, Mr. Woolsey, has testified to this committee and to other committees, that there is a possibility, that in the past North Korea could have produced weapons-grade material sufficient to produce one to two weapons.

Chairman HAMILTON. They could have?

Ms. DAVIS. They could have.

Chairman HAMILTON. Did they?

Ms. DAVIS. I think it is his judgment they could have but we don't have an independent means to know, but let me go on, Mr. Chairman—

Chairman HAMILTON. So they could have a nuclear weapon or two, but we don't know for sure?

NORTH KOREAN COMPLIANCE WITH IAEA STANDARDS

Ms. DAVIS. It is that possibility that has led the IAEA to wish to do what are called "special inspections," that is to take the steps necessary to find out whether in the past North Korea has been able to take the steps necessary to acquire or to develop that kind of material.

Chairman HAMILTON. And the North Koreans are denying those special inspections; is that correct?

Ms. DAVIS. That is correct, Mr. Chairman.

Chairman HAMILTON. Is it correct to say that the North Koreans have actually succeeded in racheting down their obligations to the international community?

Ms. DAVIS. Mr. Chairman, I don't understand the question.

Chairman HAMILTON. Well, have they racheted down from the question, for example, of inspection of undeclared facilities to whether the IAEA will be allowed to change films and batteries?

Ms. DAVIS. It is not that they would have racheted down. Let's start with what the IAEA has requested and—

Chairman HAMILTON. They are not permitting inspections of undeclared facilities, are they?

Ms. DAVIS. That is correct.

Chairman HAMILTON. And the newspapers report that the whole fight seems to be over whether the IAEA inspectors can put film in the camera.

Ms. DAVIS. I don't think it is quite—

Chairman HAMILTON. That seems to me to be quite a jump down.

Ms. DAVIS. No. The IAEA has a set of activities that they would wish to carry out in North Korea in order to have confidence that the continuity of safeguards is being maintained.

Chairman HAMILTON. And we back the IAEA?

Ms. DAVIS. And we clearly back the IAEA in the kinds of activities which they wish to be able to carry out. And at this point in time, the North Koreans are not permitting the IAEA to carry out the activities that they would wish to do.

That is not to say, Mr. Chairman, that we are not pressing the North Koreans to carry those out. Clearly, a very important part of the Clinton administration's policy is to gain the North Korean support for these essential activities on the part of the IAEA.

NORTH KOREAN INTENTIONS

Chairman HAMILTON. Is it your impression that North Korea is hell bent on developing a nuclear weapon or are they seeking to get something from us and from the international community? What is their game?

Ms. DAVIS. As you know, Mr. Chairman, the regime in North Korea is isolated and it is very hard from the outside to understand precisely what they are seeking or how they are seeking to play this particular issue.

It is for us to define quite clearly what it is that we wish to see in terms of their behavior but not to speculate as to what they are trying to accomplish but rather to seek that they carry out the kinds of obligations which are consistent with their being parties to the Nonproliferation Treaty.

Chairman HAMILTON. Do you think they are hell bent on developing a nuclear weapon?

Ms. DAVIS. I don't have a view as to whether they are hell bent. I have a view that it is very important that they, on the part of the international community, be brought to carry out the responsibilities under the agreement—

Chairman HAMILTON. Do you think they are trying to develop a nuclear weapon?

Ms. DAVIS. At the present time, I have confidence that the—with the safeguards that are currently in place and the inspections we have been able to take, that they are now not currently developing nuclear materials.

Chairman HAMILTON. For a weapon?

Ms. DAVIS. For weapons.

STATUS OF U.S.-NORTH KOREAN CONSULTATIONS

Chairman HAMILTON. Now, are we considering offering them some kind of face-saving incentives to allow inspections? There has been talk, for example, that we should support the South Korean offer to end joint military exercises. Is that on the table in our negotiations? Are we saying to the North Koreans, if you will allow the IAEA to go in and inspect, we will stop these joint maneuvers and allow you to come into South Korea and inspect for nuclear weapons. Is there some kind of a deal like that cooking here?

Ms. DAVIS. We have said quite clearly to the North in the conversations that we have had over the past two sets of consultations, that we wish to address, in the context of resolving the nuclear issue according to the goals that we seek—I have described those earlier to you—that in the context of resolving the nuclear issue

that we are prepared to meet the legitimate security concerns of North Korea.

We are not cooking a deal and we are not in the process of backing down on those goals and seeking to carry—to make clear that North—

Chairman HAMILTON. So we are not extending any carrots to them at this point? Our position is they have to permit the inspections, period?

Ms. DAVIS. They need to permit the inspections and the second—and secondly, to proceed with consultations with the South to carry out and implement the denuclearization agreements between the North and the South.

PROSPECTS FOR U.N. SANCTIONS

Chairman HAMILTON. At what point would we go to the U.N. for sanctions?

Ms. DAVIS. It is not just that the United States but that the whole world community has said quite clearly to North Korea that if they are not prepared to carry out their obligations under the NPT—

Chairman HAMILTON. Which they are not doing now.

Ms. DAVIS. Including their carrying out—including permitting the IAEA to carry out the kinds of activities consistent with the safeguards regime.

Chairman HAMILTON. Which they are also not doing.

Ms. DAVIS. We would then be prepared to move back to the Security Council.

Chairman HAMILTON. Are we ready to go, then?

Ms. DAVIS. Well, at this point, we have said quite clearly that our patience is running out and that the North Koreans need to know that is the next step.

Chairman HAMILTON. How imminent is the next step?

Ms. DAVIS. Mr. Chairman, I can't give you a time specific, but I can say that our patience is running out.

CHINESE AND JAPANESE POSITION ON U.N. SANCTIONS

Chairman HAMILTON. And would China support the sanctions?

Ms. DAVIS. We have worked very closely with China. The Chinese Government shares the goals of the United States, South Korea, Japan, and the international community with respect to North Korea not developing nuclear weapons and remaining within the Nonproliferation Treaty. And so we are in daily contact with the Chinese seeking those goals.

Chairman HAMILTON. Do you think they would abstain?

Ms. DAVIS. It is hard for me to predict what another government would do but they share our goals and I would hope that they would continue to work with us toward those goals if we have to move this back to the Security Council.

Chairman HAMILTON. Does Japan favor the sanctions?

Ms. DAVIS. At this point, the Japanese Government also shares with us our goals with respect to a nonnuclear North and South Korea and have been working closely with us to make that occur. I have no doubt that Japan will support those goals if and when it would be necessary to move back to the Security Council.

Chairman HAMILTON. So you think they would support sanctions?

Ms. DAVIS. They support these goals, and if it is necessary, the kinds of steps necessary to carry out those goals. The Security Council made that clear in the spring. The international community has made that clear over the past few weeks.

Chairman HAMILTON. So if you get a refusal from North Korea to allow these inspections, it is your judgment that Japan would support the sanctions, that South Korea would support the sanctions, and that China would support the sanctions?

Ms. DAVIS. Well, in the course of working to achieve our goal, which is through diplomacy so that we don't find ourselves back in the Security Council and that North Korea has carried out its obligations, those three countries have worked with us to give diplomacy a chance. We have given diplomacy a chance and if that particular set of goals are not achieved through diplomacy, I believe that they would support us as we moved back to the Security Council.

Chairman HAMILTON. And seek sanctions?

Ms. DAVIS. And seek sanctions.

Chairman HAMILTON. Mr. Manzullo.

PACE OF DENUCLEARIZATION IN NIS

Mr. MANZULLO. Thank you, Mr. Chairman. Secretary Davis, General McGregor Burns testified before this committee several months ago and stated that in his opinion, there had been relatively little done with regard to the dismantling of nuclear warheads in Kazakhstan, Ukraine, and Belarus. Could you give us an update on that progress, if any?

Ms. DAVIS. Well, we are beginning to make progress in terms of the actual dismantlement. The steps required seem to all of us a little bit laborious in that we needed to sign agreements, umbrella agreements to this—for the dismantling of these weapons so that funds could begin to flow toward those activities. Deactivation is occurring in each of three states that acquired nuclear weapons with the break up of the former Soviet Union and our funds are flowing with respect to Belarus and Russia and that is because agreements have been signed and we can get underway.

I expect and hope in the next few weeks that we will have the necessary implementing agreements to begin those steps with respect to both Ukraine and Kazakhstan.

Mr. MANZULLO. We have had numerous meetings with leaders, with Members of the Parliament from Belarus and the Ukraine and there seems to be an international chess game over the exact costs necessary to dismantle these weapons.

Could you tell us, Secretary Davis, does the money go directly into the hands of the nationals or is the money provided in a fund and then Americans are used to do the dismantling themselves?

Ms. DAVIS. These are funds that go to contracts that are primarily contracts with Americans who in turn then service the dismantling of these weapons.

JAPAN AS A NUCLEAR POWER

Mr. MANZULLO. I appreciate that. The other question, I read in the *Washington Post* on October 31 that Japan may be very much interested in developing an atomic presence and that with the loss in their Parliament of several Members of the Socialist Party which have traditionally been against the use of nuclear weapons, what measures do we have in place that would prevent Japan from becoming a nuclear state?

Ms. DAVIS. Well, the most important step taken by the Japanese Government over the past couple of months is to join the other G-7 members and many others in the world seeking the indefinite extension of the Nonproliferation Treaty. There has been a debate in Japan and that debate has led the government to the position which is that they continue not only to be themselves members of the Nonproliferation Treaty but to support its indefinite extension. So whatever articles and quotations you are hearing, I think one should focus on what the government is saying and their commitment to be—to continue to be a nonnuclear power.

Mr. MANZULLO. Is there any question in your mind that Japan is not actively engaged in trying to become a nuclear power?

Ms. DAVIS. Nothing in terms of their activities suggest to me that they are seeking to become a nuclear power.

STATUS OF NIS DENUCLEARIZATION PROGRAM

Mr. MANZULLO. Back to the first question, my understanding is that there have been some ballistic missiles that have been trucked from Belarus to Russia for the purpose of dismantling. But Belarus still has some tactical missiles; is that correct?

Ms. DAVIS. The Russians have confirmed to me that all tactical nuclear weapons have been removed from the states—the Newly Independent States, so I think there is not any indication that that report is correct.

Mr. MANZULLO. That is from Belarus—

Ms. DAVIS. All three.

Mr. MANZULLO. All three?

Ms. DAVIS. Yes. Kazakhstan and Belarus and Ukraine.

Mr. MANZULLO. So what would be left in those states is ballistic missiles?

Ms. DAVIS. Strategic missiles.

Mr. MANZULLO. But none have been dismantled to date; is that correct?

Ms. DAVIS. We are in the course of following closely the deactivation and dismantling of these warheads. And in the case of Belarus, at this point, there are 72 what are known as SS-25 strategic missiles, currently in Belarus, and under the agreements that they have made to become a nonnuclear state, these will be removed back to Russia.

PROGRESS TOWARD THE DENUCLEARIZATION OF UKRAINE

Mr. MANZULLO. Then what about the nagging problem of the Ukraine wanted to maintain a nuclear presence in light of their history with Russia?

Ms. DAVIS. Well, as I indicated in my opening statement, one of the critical goals that the Secretary had when he just visited in the Ukraine was to convince the government of our determination to see them carry out their commitments made in Lisbon to ratify the START I Treaty and to become a nonnuclear member of the Non-proliferation Treaty. There is clearly a debate going on in the Ukraine, but the President of Ukraine made his personal commitment that that government intended to carry it out, and to follow up from that, we are working very hard to begin the dismantlement process.

The good news from that particular trip was that Ukraine and the United States signed the umbrella agreement for the dismantling of their nuclear weapons in Ukraine. We hope to have in place implementing agreements so that this can get underway in the coming few weeks.

Mr. MANZULLO. Mr. Chairman, if I may ask one more question?
Chairman HAMILTON. Yes.

SUCCESSOR REGIME TO COCOM

Mr. MANZULLO. Secretary Davis, could you give us a scenario, if one has been developed, on the State Department's plans to replace COCOM?

Ms. DAVIS. I was going to say that is a final question and that I could go on indefinitely.

Mr. MANZULLO. In 2 minutes or less.

Ms. DAVIS. Let me make a couple of points and I can follow up to the extent that you wish.

The first is that we are working with our allies with the goal of replacing the COCOM regime, born of the East-West confrontation, with a successor regime focused on our new strategic concerns in which Russia and the other Newly Independent States would be a partner in this regime and that we would focus particularly on the transfer of and sales of sensitive dual-use items and also arms to areas and particular countries of—of particular concern, Iran, Iraq, North Korea and Libya.

So we are seeking a successor regime focused on the new strategic concerns by a bilateral regime where Russia is a partner, not a target.

Mr. MANZULLO. Thank you.

Chairman HAMILTON. Mr. Gejdenson.

U.S. ARMS SALES TO THE MIDDLE EAST

Mr. GEJDENSON. Thank you, Mr. Chairman.

Could you tell me what is the value of our arms sales into the Middle East since the Iran-Iraq War, and since the Kuwaiti War.

Ms. DAVIS. I am sorry. I don't hold those numbers in my head. There have been some important sales, and if I could provide the specific numbers for the record, but following on the Gulf War, it was important to provide security to those states in that region whose security had been threatened by events in Iraq.

[The information follows:]

Since the end of the Iran-Iraq war in 1988, our data shows that countries in the Middle East and Persian Gulf have accepted about \$50.254 billion in government-to-government sales. This includes \$23.908 billion sold since Desert Storm.

With regard to commercial military exports to the Middle East and Persian Gulf, the U.S. has issued licenses (authorizations) valued at \$26.799 billion since the end of the Iran-Iraq war, of which \$12.49 billion were issued since Desert Storm. However, I would note that, historically, only about 40 percent of commercial licenses issued result in actual exports.

Therefore, the total of U.S. Middle East defense sales since the Iran-Iraq war, is \$50.254 billion in FMS plus an estimated \$10.72 billion commercial, for a total of about \$61 billion. The majority of these sales were for defensive systems (e.g. Patriot and I-Hawk air defense systems) and logistical support services for established programs.

Mr. GEJDENSON. Would you say it is a safe bet that we are the foremost arms merchant into the Middle East by a significant factor?

Ms. DAVIS. We have sales of considerable value into the Middle East.

Mr. GEJDENSON. Some of us benefit from those when we make our own particular parts of them.

Ms. DAVIS. These are U.S. sales and U.S. jobs.

Mr. GEJDENSON. Everybody else is a distant second when you look at arms sales into the region?

Ms. DAVIS. That is correct.

IMPACT OF U.S. SALES ON ARMS TRANSFERS WORLDWIDE

Mr. GEJDENSON. Then when you go to COCOM and you try to get restrictions on conventional arms, maybe it is not surprising that we have less than an enthusiastic response from some of our allies because they have got their places in the world where they profit and get jobs from arms sales.

Do you have a strategy for finding a way to end this race? All of us have our in-district pressure trying to get the arms sales through because we want our people to work, but then when we look at the explosions around the world, I mean, thankfully, we are not selling arms into Yugoslavia at the moment or other countries. But now we, the major powers, are trying to cooperate. It doesn't necessarily seem to have slowed down the arms sales.

Ms. DAVIS. I think actually you will begin to see some slowing down of the arms sales, but that is not your major point. The major point is how it is that we seek to gain constraints on the sales of arms to areas that pose security threats to ourselves and to our allies, and what kinds of leverage or persuasion do we have when we are selling arms ourselves.

TARGET COUNTRIES OF SUCCESSOR REGIME TO COCOM

And the way we make the case, and I think and very much hope we can sustain the case, is that we wish to direct constraints on arms and their sales to areas of the world and particular countries that are particularly dangerous, and here we have in mind Iran, Iraq, North Korea, Libya, and more generally in areas of concern, South Asia and the Middle East.

Mr. GEJDENSON. Syria is not a country of concern?

Ms. DAVIS. Syria directly is not a country of concern. We are very much worried about stability and security in the Middle East region as a whole, so that is the way—

Mr. GEJDENSON. But is Syria on the list of countries that we are concerned about?

Ms. DAVIS. Syria is not on the list of target countries in the sense of the proposals that we are making in a successor regime to COCOM. But clearly, as you understand, they are still very much on the list that we have with respect to terrorist—

Mr. GEJDENSON. What separates Syria from other countries like Libya, Iraq, and Iran?

Ms. DAVIS. In our view, because of our worries about Syria and its terrorist connections, there is no difference.

Mr. GEJDENSON. Then why isn't it on the list?

Ms. DAVIS. Let me step back and say—let me tell you what I am trying to do and—

Mr. GEJDENSON. I guess what I am trying to get across is that maybe Syria ought to be in that list. I don't want to badger you on it, and I will be happy to give you time to answer, but I want to get on to another question.

Ms. DAVIS. Can I make a small point, and that is what the United States is seeking to gain in the successor regime, support for controls on arms. My response is we are doing that by seeking to show that we need to focus on the dangers and we need to do it together, and we have learned the lessons of Iraq, and that if we don't do it together, we suffer in the future.

REEVALUATING TECHNOLOGY TRANSFER POLICIES

Mr. GEJDENSON. Let me ask another question.

I have watched the export control issue now for a number of years, and in trying to deal with our allies our alliance sometimes becomes mistrustful of our agenda. We had a situation where the United States refused an export license to sell a bank card to England. Apparently they were worried about the chip in the bank card. On the other hand, we transferred to the British the blueprints for the Trident submarine and gave them the missiles to go with it.

It seemed to be kind of a strange set of circumstances. We block in COCOM a 30-year-old computer going to Vietnam from France, so the French then would kind of retaliate in some other area when it came along. How do we get our own politics, whether it is Cuban Americans, or other parts of the globe pressing the United States to take actions that aren't really serious threats and don't create problems in the technology sense.

I guess what I am saying is shouldn't we focus on chokepoints of technology, on the technologies that really have something to do with proliferation, and not either squander the American economy or harass our allies on things that are irrelevant?

The example I used in the previous administration, was that there was this great battle going on between the Secretary of Commerce Mosbacher and Secretary of Defense Cheney over decontrolling 286 computers. It was a joke. It had nothing to do with proliferation. And what I am hopeful is that in this new administration we will be able to get a reasonable focus, pick our terrorist countries, and I put Syria in that group, making sure that we don't allow technology transfer to occur in those cases.

And if you want to go beyond reason, which may make some sense for foreign policy reasons even if they don't have proliferation arguments, but not to create the kind of morass that we have lived

with for a decade here of technology that is generally available and isn't critical just to the nuclear, chemical, or biological program.

Ms. DAVIS. Well, I think we are starting down that—in that direction in the liberalization that the President announced with respect to computers and trying, as you suggest, to balance out the goals of liberalizing while at the same time ensuring that the very sensitive technologies are controlled for nonproliferation purposes.

Mr. GEJDENSON. Let me give you an example of where we are having trouble today.

Ms. DAVIS. I figured you would have one in our administration.

Mr. GEJDENSON. I hate to do this because I really like your administration, I think they are doing a great job, and they have moved at lightning speed compared to what we have done over the last 12 years.

Ms. DAVIS. Thank you very much.

Mr. GEJDENSON. There is no question in my mind that we have a critical difference in this area. At the same time the previous administration was signing nuclear licenses to Iraq, they were stopping things going to Western Democratic countries and it was insanity. And I want to applaud you for what you have done, but we are still doing some things that don't make a lot of sense.

We had a hearing on my subcommittee some time ago that showed that while the administration was denying the export license to AT&T for 565 switching stations for telecommunications, that the Chinese were making their own and the Israelis were selling them 623s. Now, that didn't seem to make a lot of sense and I would have thought when the administration, which I had such great admiration for, saw this kind of insanity, they would allow the Americans to compete. But what was the response of the administration?

They started beating up this little Israeli company telling them not to sell that 623 there, because they may lose all their export licenses for the parts they need from the United States.

Now, the answer ought to be let's let the Americans compete in that area. It is not an area that we can control, it doesn't make sense to continue those. I am just hopeful we are talking about a lag time here and that you are going to get to where I think you ought to go.

SUPPORT FOR UNILATERAL CONTROLS IN SOME CASES

Let American companies get a piece of that market before we lose it completely. And I guess what that comes to is at what point, and I believe there are instances where you need to do this, at what point do you believe in unilateral controls?

I mean, we clearly do not control technology like we used to. Lots of it is available from different places in the world. There are instances where I would believe in unilateral controls if we could get no one in the rest of the world to join with us. And you know the recent history of the best examples, obviously, are Iraq, Iran, and countries of that nature. But there are times where you draw a line in the sand, and you say this country is so dangerous even if they could buy these weapons, this technology, these dual-use items from every other country in the globe, the United States isn't going

to sell it to them. I don't have a problem with that policy. It needs to be delineated.

Ms. DAVIS. I share with you the need to make sure that we don't lose the President's ability to place unilateral controls for these serious dangers. On the other hand, we are going through those controls carefully to see that we continue to believe that they are necessary for the new world.

Mr. GEJDENSON. Mr. Burton.

SMUGGLING OF WEAPONS FROM THE NIS

Mr. BURTON. Thank, Mr. Chairman. I appreciate that. I appreciate the loyalty shown by Mr. Gejdenson to the Clinton administration. I really thought that was well done.

Mr. GEJDENSON. Thank you.

Mr. BURTON. Secretary Davis, one of the areas that I have a great deal of interest in is the smuggling of various kinds of weapons and weapons parts across the borders from the old Soviet Union into Germany and into Austria, and other countries, from which it is then sold or taken to other countries.

I have been told by some intelligence people from outside the United States that there is a real problem with nuclear fissionable material going into Germany. It has been caught at the border on numerous occasions, chemical and biological materials and weapons have been caught at the borders. How widespread is this and how much of it is getting out of the Soviet Union through the black market?

Ms. DAVIS. We very much share your concern with the possibilities that such materials, technologies, or items, might be leaving these territories, these Newly Independent States. That is why it is a high priority in the various activities that we have with each of these states, that we put in place an export control regime so that they themselves can monitor and have confidence that these activities are not taking place. So we share the need to be sure, to be confident.

You asked me to give you a sense of how bad or how serious the problem might be with respect to these items. And, again, we can go into more details if you would wish and the intelligence community is the place to be very specific.

Every time we hear a report of this we look into it. We try to find out what is happening. We work with our allies and their officials to intercept these. We have examples of this. We are as concerned with this, our allies are concerned with this. So I am saying two things: one, we know it is a potential problem and we are working to get at the heart of that problem, which is export control regimes that are adequate. And secondly, when we hear of this, with the intelligence community and the State Department, we use whatever we can to find out about this and block it from happening.

TERRORIST ACCESS TO NUCLEAR, CHEMICAL AND BIOLOGICAL WEAPONS

Mr. BURTON. Secretary Davis, I would appreciate it if you would have whatever intelligence information that is available sent to my office or else have somebody come by to talk to me, because I would

really like to check into this. This is a real concern. The American people are not aware of it, and I know that some of this is classified, so we won't get into it.

We had the terrorist attack in New York at the World Trade Center. Some of this fissionable material and some of these weapons are very small. And they are very mobile and we need to along with our allies have some kind of a system that is as foolproof as possible to make sure that chemical, biological, and nuclear weapons that are portable don't get into this country or other—or our allies' countries. And I think the Members of the Congress ought to have their antenna raised because there is a real proliferation, as far as I have been told, that is taking place in this area through the black market, and much of it emanates from the old Soviet Union. And if you—you take some of this chemical and biological material, and it could be devastating to large cities, as well as the nuclear problem. And so I would appreciate very much if I could get a briefing on that, number one. And number two, I would urge the administration, I am sure you are probably already working on this, but I would urge the administration and our DIA, CIA and others to do everything they can to work with our allies to make sure that we intercept as much of this as possible and keep this to a minimum. Because it wouldn't take much to destroy literally millions of people.

Ms. DAVIS. We certainly agree with the concerns. I don't want to raise it out of proportion, that is we take it seriously, but I don't think it is a danger in which we ought to create too much publicity. We work on it day to day.

Mr. BURTON. I understand.

Ms. DAVIS. We certainly will provide you with what intelligence we have. One of the reasons that we are spending as much time as we are seeking the dismantlement of these weapons, getting the materials out of these weapons, blending down these materials so that they are not usable for nuclear weapons purposes, putting in place in 1995, the Chemical Weapons Convention, getting rid of them, all of these things are part of our overall policy.

Mr. BURTON. I don't want to prolong this, and I appreciate the chairman's indulgence. Let me just say, and this is not classified, we know that in the Sudan, for instance, there probably are several terrorist camps outside Khartoum that are training terrorists in a number of new methods of terrorism, and if this material is leaking out or leaching out of the old Soviet Union and it gets into their hands, it does pose a threat to the United States and our allies.

I mean, if they could do what they did at the World Trade Center with normal materials, dynamite and things like that, just think what they could do with this other stuff. I think it is a real threat and they are doing everything they can to cause problems without focus, and our allies, and destabilize some of our allies in the Middle East. And they are even sending terrorists into Somalia. So this is a real concern, and I just—I can't emphasize enough that I hope the administration makes this a top priority and works with our allies to make sure this transportation of these various kinds of weapons are kept to a minimum.

Ms. DAVIS. We agree, and it is a very high priority. And you understand the difficulty, but that doesn't mean we don't take the challenge.

Mr. BURTON. Thank you.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Lantos.

PROLIFERATION CONCERN WITH RESPECT TO IRAN

Mr. LANTOS. Thank you, Mr. Chairman.

Ms. Davis, what are your key concerns with respect to Iran in the field of proliferation?

Ms. DAVIS. My concerns with respect to Iran span the whole range of our nonproliferation objectives, that is Iran's behavior, in my view, in seeking to acquire dangerous arms, nuclear technologies in order to develop nuclear weapons, as well as—I think I have lost my mike.

We also have worries about their intentions with respect to the acquisition of dangerous arms and missiles and missile technology, so I am very worried about the behavior of Iran.

Mr. LANTOS [presiding]. To what extent do your concerns stem from the failure of some of our allies, particularly Germany in this case, in cooperating with us to prevent Iran from acquiring all these weapons?

Ms. DAVIS. I wouldn't single out any country, and I especially—

Mr. LANTOS. Why do you think that news reports do single out Germany?

Ms. DAVIS. I am not sure which news reports you are referring to. We have close contact—

Mr. LANTOS. You are unaware of the fact that there have been many reputable news reports focusing on Germany with respect to Iranian developments in this field?

Ms. DAVIS. Germany continues to have relations with Iran and continues to carry out trade with Iran. I would not argue that Germany is contributing to the kinds of activities and behavior that I have just described with respect to Iran. On the other hand, in close consultations with Germany, we are seeking to ensure that none of these activities are being undertaken.

Mr. LANTOS. Could you expand on that bit, because I don't find your answer very responsive to my question.

Ms. DAVIS. Well, I am not sure what you are asking me, Congressman.

Mr. LANTOS. Are we satisfied with allied cooperation in dealing with Iran on this issue of nonproliferation?

Ms. DAVIS. OK. We would wish that our allies would join us, and this is the goal that we are seeking with respect to a successor regime not to—

Mr. LANTOS. Beyond wishing, what we have done to bring this about?

Ms. DAVIS. Let me tell you my goal and let me tell you where we are with respect to that.

Mr. LANTOS. I know what your goal is. I am not interested in your goal. Your goal is full cooperation. My question is, are our allies cooperating and if not, what are we telling them?

Ms. DAVIS. First of all, I haven't achieved my goal, you are correct. And secondly, that hasn't led me to give up in seeking their agreement. I believe that we will gain from our allies a regime in which we discuss and we work together to control dangerous trade in strategic arms and strategic technologies to Iran. So I believe that we will accomplish that. I haven't accomplished that goal today.

Mr. LANTOS. Do you see a parallel between what happened with respect to the arming of Iraq earlier and what is now taking place with respect to Iran?

Ms. DAVIS. It is precisely because I don't want it to happen again in the way it happened with Iraq, that the Clinton administration cares so much with respect to the trade in technologies and dual-use arms, dual-use technologies and arms to Iran.

IRAQI NUCLEAR CAPABILITIES

Mr. LANTOS. Is your view that Iraq still has undiscovered nuclear capabilities?

Ms. DAVIS. Well, in the process of the various inspections that have been underway, the international community is seeking to carry out those resolutions which will mean that Iraq will no longer have nuclear weapons or materials that could contribute to nuclear weapons. At this point, the administration does not believe that we have succeeded in carrying out—or Iraq has succeeded in carrying out all of their obligations under those sanctions, so I couldn't answer "yes" at this point to your question.

Mr. LANTOS. We have no assurance that Iraq does not have nuclear capability; is that your testimony?

Ms. DAVIS. At this point, we are not prepared to say anything different than that.

Mr. LANTOS. If Iraq continues to reject the establishment of long-term monitoring programs, what would be the timeframe for Iraq to resuscitate its nuclear program to the levels of the pre-Desert Storm period?

Ms. DAVIS. I am not sure that I can speculate with respect to time, but I can tell you that we are committed to ensuring that Iraq agrees to this long-term monitoring regime.

Mr. LANTOS. Would the timeframe be shortened if sanctions were lifted?

Ms. DAVIS. Well, it would depend—it would depend, Congressman Lantos, on precisely what then happened following the lifting of sanctions.

Mr. LANTOS. Well, the lifting of sanctions would provide—

Ms. DAVIS. We have no intention—

Mr. LANTOS. The lifting of sanctions would provide them with money, allowing a great deal to be done.

Ms. DAVIS. We have no plans to lift those sanctions.

Mr. LANTOS. So your answer is that the lifting of sanctions would in fact shorten the timeframe.

Ms. DAVIS. The point here is that the sanctions are in place because we don't have confidence that Iraq is not in a position to develop weapons of mass destruction, so we will keep those sanctions in place until we have that confidence.

IRAQI CONVENTIONAL CAPABILITIES

Mr. LANTOS. What is your view of Iraqs having rebuilt its conventional military arsenal?

Ms. DAVIS. Are you suggesting to me that they have rebuilt their conventional arsenal?

Mr. LANTOS. I am asking what your view is?

Ms. DAVIS. Under the sanctions, we have focused on the development of the dangerous weapons of mass destruction, so there has been some continued activity with respect to their conventional armaments. But I would suggest that we have our eyes on the right focus and that is their potential development of weapons of mass destruction.

Mr. LANTOS. The committee will be in recess while this vote is cast.

[Recess.]

LEGISLATIVE REQUIREMENTS FOR PRESIDENT'S NONPROLIFERATION AGENDA

Chairman HAMILTON [presiding]. The committee will resume its sitting.

In the President's September 27 speech at the U.N., he announced a number of nonproliferation goals—a global ban on the production of fissile material for weapons purposes and expansion of the Missile Technology Control Regime to make it global, a comprehensive ban on nuclear testing, universal adherence and ratification of the Chemical Weapons Convention, strengthening the Biological Weapons Convention.

Are we going to need any legislative changes to achieve any of those goals?

Ms. DAVIS. Well, at this point, we are negotiating the two conventions that we laid out here. This is the Comprehensive Test Ban Treaty and a global convention preventing the production of fissile material for nuclear weapons purposes. If we are successful in these treaties, we will clearly come back to the Senate for their ratification. But in the near term, I am not looking for any specific legislation in order to carry out these goals.

AGENCY RESPONSIBILITY FOR NONPROLIFERATION POLICY IMPLEMENTATION

Chairman HAMILTON. Now, what agency of the government has the responsibility to achieve those goals or is it divided in some way?

Ms. DAVIS. Well, this is a team effort, Mr. Chairman. We all work as a team and when we go to negotiate arms controls agreements, the comprehensive test ban, the global convention on the cutoff of fissile material, we go as an interagency team. And depending on the forum, depending on the kinds of consultations, sometimes the State Department leads these, and I have been leading these in the preparations for the comprehensive test ban, but when we get underway in Geneva in those negotiations for—in the Conference on Disarmament, it will be led by Ambassador Ledogar who comes from the Arms Control and Disarmament Agency.

Chairman HAMILTON. Are you the "Nonproliferation Czar" in this administration?

Ms. DAVIS. I have never been quite given that title, but I will take it as one to see whether I can—

Chairman HAMILTON. You are the head person.

Ms. DAVIS. I am the head person.

Chairman HAMILTON. Now, are you in charge of each of the negotiations here—fissile material, MTCR, nuclear testing, the Nonproliferation Treaty, chemical weapons, biological weapons—you are in charge of all these negotiations?

Ms. DAVIS. Well, if you are looking for someone that you can always talk to, someone that takes responsibility for actively carrying out the goals of the President, come to me.

Chairman HAMILTON. OK. So we have a negotiator, I presume, for each one of those areas?

Ms. DAVIS. Different negotiators, different fora, different representatives, depending on the group.

Chairman HAMILTON. They would report to you?

Ms. DAVIS. Well, they ultimately report to the President, but you know I try to bring a coherence and energy to this set of activities.

Chairman HAMILTON. They report through you to the President; is that it?

Ms. DAVIS. Well, I think each of their principals reports to the President and we work as a team.

Chairman HAMILTON. Well, that sounds kind of murky.

Ms. DAVIS. Mr. Chairman, the way the executive branch puts together policies, the best of it is that we bring perspectives and expertise and understandings to the formulation of these policies. But if I hear your question as one that you would like to be able to always look to, I would ask that you look to me.

Chairman HAMILTON. Well, it is hard to find out who has responsibility in this government. That is why I am asking these questions.

Ms. DAVIS. I am a little surprised that you say that, Mr. Chairman.

Chairman HAMILTON. You wouldn't be if you sat where I have for the last 25 years.

Ms. DAVIS. Well, now you have the answer. I will be the person.

IRAQI NUCLEAR CAPABILITIES

Chairman HAMILTON. OK.

Now, let's talk a little bit about Iraq. The IAEA officials indicate that they believe they have discovered virtually all of Iraq's nuclear program and that Iraq has substantially reduced or eliminated its nuclear program; is that your judgment?

Ms. DAVIS. What we say with respect to nuclear weapons in Iraq is that the U.N. inspection efforts have effectively put the Iraqi nuclear weapons program out of business for the near term. But we still believe that Iraq retains some nonfissile materials, equipment, and most importantly, expertise with which they could then again develop these kinds of capabilities. So what we are looking toward is putting in place a long-term monitoring regime to prevent Iraq from developing large-scale weapons of mass destruction.

Chairman HAMILTON. So it certainly is correct to say that the major aspects of their nuclear program have been uncovered; is that right?

Ms. DAVIS. That is our description of the current state—

Chairman HAMILTON. All right.

Ms. DAVIS [continuing]. Based on those inspections.

Chairman HAMILTON. There have been some reports of an underground nuclear reactor. Are you comfortable that the IAEA has taken sufficient steps to try to locate that alleged Iraqi underground nuclear reactor?

Ms. DAVIS. Well, I have heard of that allegation, Mr. Chairman, and we still believe or still have confidence in the statement that I just made. On the other hand, one of the reasons that we don't believe that we are finished with our task with respect to Iraq, and why it is that we need to have this long-term monitoring regime and a period of time in which Iraq complies with its obligations, is that we would worry that Iraq might find ways over time to develop again these dangerous weapons.

LONG-TERM MONITORING OF IRAQ AND IRAN

Chairman HAMILTON. The long-term monitoring is not in place now; is that correct?

Ms. DAVIS. That is correct. We have begun discussions, strongly supported by the Security Council, to put in place that regime, but we are not there yet.

Chairman HAMILTON. What is the U.N. planning with regard to long-term monitoring? What kind of plans do they have?

Ms. DAVIS. Well, I think we are in consultations and discussions with Iraq to put that regime in place. As I said to you, that we have at least begun to carry out such discussions with that as our goal, but we have some far distance to travel.

Chairman HAMILTON. Iraq is refusing to put a long-term monitoring regime into place; is that correct.

Ms. DAVIS. So far they have not agreed to what are all the steps necessary to put that regime in place.

Chairman HAMILTON. And if they continue to reject the establishment of a long-term regime, how long would it take them to put into place a nuclear weapons program and bring it up to, say, the pre-Desert Storm levels?

Ms. DAVIS. I can't tell you precisely, Mr. Chairman, the time-frame. What I can tell you is that we would not be confident that Iraq did not have nuclear weapons unless we had such a long-term monitoring regime, so what we can say about its current programs is not sufficient for us to move beyond our current steps with respect to Iraq or in any way to be in a position to remove sanctions.

Chairman HAMILTON. I assume our principal concern now is their expertise and their ingenuity in developing weapons of mass destruction.

Ms. DAVIS. That is the primary worry. Once you know how to develop these kinds of weapons, you don't forget that.

TECHNOLOGY TRANSFERS TO IRAQ

Chairman HAMILTON. Their nuclear capabilities, I guess, arise principally from exports from other countries into Iraq. Are we taking steps to prevent their reacquiring nuclear equipment?

Ms. DAVIS. Well, the sanctions regime—with the international community's agreement—states that we will not be trading in arms or dual-use technologies or the kinds of items that permitted such developments in the past. That continues now with respect to Iraq. So that is the means by which we are not repeating the mistakes of the past.

Chairman HAMILTON. Are you getting good cooperation from our allies with respect to sending equipment to Iraq that could be used for nuclear weapons purposes or buildup of military capabilities?

Ms. DAVIS. Here we have consensus with respect to preventing the buildup of these kinds of capabilities.

Chairman HAMILTON. So you are getting good cooperation?

Ms. DAVIS. We are getting good cooperation with respect to Iraq.

Chairman HAMILTON. International compliance with Iraqi sanctions is good, so far as you are able to see?

Ms. DAVIS. We watch over that very carefully and can provide you with more detail than I carry in my own memory, but we think it is pretty good.

[The information follows:]

The international community is making a good faith effort to enforce the sanctions and ensure that, with few exceptions, only food, medicine and humanitarian goods are entering Iraq. The Multinational Interdiction Force routinely monitors ships destined for the Jordanian port of Aqaba, the primary conduit for imports to Iraq. The flow of goods through Turkey is monitored by the international presence in northern Iraq.

The world-wide embargo on Iraqi oil exports is holding firm. Iraqi oil pipelines through Turkey and Saudi Arabia remain closed. The loss of oil export earnings has substantially limited Iraq's ability to finance imports.

Chairman HAMILTON. The European allies are stopping shipments of dual-use equipment?

Ms. DAVIS. With respect to Iraq, yes, Mr. Chairman.

Chairman HAMILTON. But not Iran?

Ms. DAVIS. I think this is a different case. And this is why the Clinton administration has made it a high priority, both with respect to our bilateral relations with our allies and also with our new partners, Russia and the Newly Independent States, that we refrain from the trade in arms as well as in dangerous dual-use technologies.

IRAQ'S CONVENTIONAL ARMS BUILDUP

Chairman HAMILTON. I will come back to Iran in a few minutes, but I want to pursue Iraq a little further.

Do we have any concerns about Iraq's conventional arms buildup?

Ms. DAVIS. I was asked that earlier, Mr. Chairman, and, of course, we would not wish Iraq to become highly armed with conventional means as well. We have a policy of denying the trade in arms, conventional arms to Iraq, and that is being supported by the international community. Their own modernization and development of the arms that they retained at the end of the war, which

were far less than they began with, is something that they can continue, but they are not getting any international support for that set of steps.

REPORTS OF IRAQI CHEMICAL WEAPONS USE

Chairman HAMILTON. What about the reports we have seen about the use of chemical weapons by Iraq against the Shiites in the southern marshlands there.

Ms. DAVIS. We certainly are very worried about that possibility. And I would ask you, Mr. Chairman, to address those questions more specifically to those in the intelligence community who follow that closely.

Chairman HAMILTON. You don't have any specific information about that?

Ms. DAVIS. I don't have any specific information about that beyond what it is that has been reported publicly.

UKRAINIANS DELAY START AND NPT RATIFICATION

Chairman HAMILTON. You mentioned the Secretary's trip to Ukraine. Were you with him?

Ms. DAVIS. I was with him.

Chairman HAMILTON. Did we discuss with them a specific deadline for ratification of START and the Nonproliferation Treaty?

Ms. DAVIS. We came away discouraged that Ukraine has not been willing to place a time in carrying out their commitments under the Lisbon Protocol. President Kravchuk made a personal commitment to the Secretary to place before the Rada in this session, the START I Treaty for ratification, and indicated his agreement to that ratification as well as their adherence to the Nonproliferation Treaty as a nonnuclear state.

Chairman HAMILTON. Can he make that policy stick?

Ms. DAVIS. That is, Mr. Chairman, as if you asked me whether it is always the case that President Clinton can make stick the policies of our administration when they come before the Congress. Quite frankly, there is a debate going on in the Ukraine. Secretary Christopher also met with leaders of the Rada. They spoke about their commitment as well to carrying out the commitments Ukraine made under the Lisbon Protocol.

Chairman HAMILTON. What did they say to you?

Ms. DAVIS. They said that they believed that the Rada would make good on those commitments.

Chairman HAMILTON. When?

Ms. DAVIS. But they did not themselves place or give us a commitment to a specific time. That doesn't mean, Mr. Chairman—

Chairman HAMILTON. Were they going to make good on the commitment some time in the near future? What are they waiting for?

Ms. DAVIS. Well, they are waiting for, by their own statements, confidence in the security of Ukraine. And we have discussed with them the kinds of assurances that not only the United States but also Russia, other parties to the NPT, other nuclear parties to the NPT, are prepared to make to them as part of their becoming adherents to the Nonproliferation Treaty. In that context, Secretary Christopher also—

Chairman HAMILTON. Well, if they are waiting for the security of the Ukraine, that is a pretty nebulous thing. We could be waiting a long time, couldn't we?

Ms. DAVIS. Well, actually, we argue from a somewhat different perspective, Mr. Chairman. That is that their security is made more—they are made more secure by carrying out their commitments in the international community, gaining the assurances that—

SECURITY COMMITMENTS TO UKRAINE

Chairman HAMILTON. They are not buying that argument?

Ms. DAVIS. They are still discussing their security concerns with us. I think the Clinton administration's proposals for a Partnership for Peace in the context of transforming NATO, are an additional step that the United States and NATO will be making in terms of providing security to Ukraine as it takes these important steps to become a nonnuclear state.

Chairman HAMILTON. You are not suggesting that we are going to provide them the kind of security commitments given to members of NATO, are you?

Ms. DAVIS. The security assurances that we are prepared to provide to Ukraine are those consistent with our commitments within the CSCE.

Chairman HAMILTON. What kind of security commitment to Ukraine are we talking about here?

Ms. DAVIS. We are talking about the kinds of security assurances that we provide to nonnuclear members of the NPT and to the assurances that we provide as members of the CSCE.

Chairman HAMILTON. Well, what kind of assurances are we talking about?

Ms. DAVIS. It says that those states that are nonnuclear parties to the Nonproliferation Treaty can be assured that the nuclear weapons states will not use nuclear weapons or threaten their use against them. I think that is a very important step that Russia and the United States would be making—

Chairman HAMILTON. We are not making any assurance against a conventional attack?

Ms. DAVIS. At this point, we would be offering assurances of cooperation in times of threats to their security.

Chairman HAMILTON. What does that mean?

Ms. DAVIS. They are not going to become members of NATO, Mr. Chairman, so we are not making the kinds of security commitments and guarantees that we have to our allies within that alliance. But again—

Chairman HAMILTON. What does cooperation mean in that instance? Suppose Ukraine is attacked? What would our obligation be under the assurances you are talking about?

Ms. DAVIS. We would hope that we would—would not find us in such a stark situation, but you are right to ask us clearly what it is that we would be saying to Ukraine. We would be saying to Ukraine, as we do to other members of the Conference on Security and Cooperation in Europe, that we would object and we would find fault with changes in boundaries not done by peaceful means.

But the kinds of security commitments that are part of our alliance with respect to NATO, are of a different order.

Chairman HAMILTON. But we would not be under any obligation to send U.S. military forces?

Ms. DAVIS. That is correct.

WEAPONS DISMANTLEMENT ASSISTANCE TO UKRAINE

Chairman HAMILTON. Now, I understand our policy is to begin weapons dismantlement assistance to Ukraine before it ratifies START or the NPT; is that correct?

Ms. DAVIS. That is correct.

Chairman HAMILTON. And that is a change of policy from the previous administration.

Ms. DAVIS. That is our current policy and that is our policy because we believe that it is essential to begin the processes of dismantlement and that has our highest priority.

Chairman HAMILTON. You think that policy is working?

Ms. DAVIS. Well, the first step was taken when Secretary Christopher visited Kiev and that is that Ukraine signed the umbrella agreement which is necessary to begin our assistance to their efforts to dismantle.

Chairman HAMILTON. OK. Mr. Smith.

CONVENTIONAL ARMS TRANSFERS POLICY

Mr. SMITH. Thank you very much, Mr. Chairman. Secretary Davis, I would like to note that in your prepared testimony, you talk a great deal about nonproliferation goals with regards to the weapons of mass destruction. It seems to me, there is very little about conventional arms transfers proliferation other than as applies to the administration's plans for a revamped COCOM. I would note parenthetically, that it was some \$33 billion worth of foreign military sales in the last fiscal year, up from about \$15 before that. My question is, especially since the President likewise in his September 27 statement made very little reference to conventional arms transfers or sales, if you could address where the priority is. I know there has been an indication that there is some kind of a study that is underway. Could you elaborate on that substitute?

Who is doing it? Where it is? When do you expect it to be completed?

And secondly, elaborate as well on the administration's view on conventional arms transfers.

Ms. DAVIS. You were right to notice that I didn't have great details with respect to our overall policies on arms transfers. The President has directed an interagency and NSC-directed study to lay out our overall policies, and we are working toward the goal of having that done by the end of this year. But let me say that one can have policies with respect to trade in arms before one has formal overall policies, and we have been working since we arrived to place restraints and get others to place restraints on sales to countries of particular concern. Iran, Iraq we were talking about earlier.

So I don't want to leave you the impression that just because we haven't completed our overall study that we haven't been taking this question seriously. But as you also know, the whole issue of arms trade gets into a balancing of a variety of different consider-

ations, having to do with nonproliferation, jobs at home, our industries that produce arms, the whole set of transitions that they are going through. And so in our study, we will be seeking to balance those various considerations.

ARMS SALES TO THE MIDDLE EAST

Mr. SMITH. Let me ask you to focus briefly on the Middle East. Obviously, there is great deal of hope and expectation there with the recent signing between the PLO and Israel, but it would seem that the prospects of considerable arms sales to the Middle East will be unabated. Some industry analysts put it as high as \$80 billion pouring in over the next 5 years into the Middle East in terms of conventional arms. In your view, is that accurate, and what can we be doing or what should we be doing to try to curb that massive inflow of conventional armaments to the Middle East?

Ms. DAVIS. I don't have those projections—but let me talk as to how I see the role of arms sales in that critical region. Arms sales are appropriate to responsible allies, and that is where our sales have been going in the follow-on to the Gulf War, and to allay the insecurities in the Middle East and the Gulf felt by the threats posed by Iran among other the states. So security is tied to responsible arms sales. And we certainly are going to continue to provide those to our key allies and friends in that region.

But as we work through and accomplish what our goals with respect to bringing peace in that new environment are, clearly, we look at the kinds of sales that would be appropriate. So the answer to your question is the Middle East peace process is a real opportunity to bring peace, and in that context, there is a role for arms control.

There is a role for arms restraint, but let no one doubt that we would be prepared to transfer those arms necessary for the security of our friends and allies in that region.

Mr. SMITH. One final question, if I could?

Chairman HAMILTON. Would the gentleman yield?

Mr. SMITH. I would be happy to yield.

Chairman HAMILTON. Madam Secretary, we are pouring arms into the Middle East. Do you find it difficult to urge others to practice restraint in conventional arms sales around the world, or to the Middle East, given that we are such a massive seller of arms? How can we have credibility with other nations if we are ourselves a major exporter of arms?

Ms. DAVIS. We can have credibility by the fact that the transfers that we are making are for legitimate security reasons and they are not done to those countries that—

Chairman HAMILTON. Madam Secretary, I have never heard of an arms sale being made that wasn't justified on the basis of a legitimate national security need.

Ms. DAVIS. I would hope that that would be—

Chairman HAMILTON. That is an automatic rationale for every sale. I am just asking, if we pour these arms in ourselves, do you find that a handicap as you urge other nations to restrain arms sales?

Ms. DAVIS. Some will use that argument against our proposals, but again it is in the—it is in the context of how we see security,

how what we restrain contributes to security and peace, and how in a multilateral way among the major suppliers that together we can use our policies with respect to sales and to their restraint to assert peace and security. That would be—

PROSPECTS FOR RESTRAINT ON CONVENTIONAL ARMS TRANSFERS

Chairman HAMILTON. What kind of progress are you making in getting the suppliers to restrain conventional arms sales?

Ms. DAVIS. So far, we are working simply for a regime in which we would consult, in which there would be prior notification of sales, there would be information sharing. That in my view, Mr. Chairman, is the very important first step, and on the basis of that—

Chairman HAMILTON. That is working now, is it? There is a prenotification procedure in place among the principal suppliers?

Ms. DAVIS. No. These are the goals we are seeking as we put in place a successor regime to COCOM.

Chairman HAMILTON. I see. Do you expect to get that prenotification regime in?

Ms. DAVIS. Let me say, I am still of the view that I can succeed, but I am not there yet.

Chairman HAMILTON. We have had negotiations among the permanent five on conventional arms transfers. Are those talks still going forward?

Ms. DAVIS. Those talks have been stalled by the fact that the Chinese withdrew from such talks following on the sale of F-16's to Taiwan.

Chairman HAMILTON. Do you have any plans for reviving those talks?

Ms. DAVIS. Rather than reviving the talks among the five, we see the successor regime to COCOM as the appropriate group that would now seek the kinds of consultations and prior notification that I just described. So we wouldn't just have the five who supply arms but the major suppliers which goes beyond the five.

Chairman HAMILTON. So you are folding that permanent five negotiation into the negotiations for a successor to COCOM.

Ms. DAVIS. As a way of moving beyond that set of discussions that had essentially stalled by the fact that the Chinese were not participating.

SALE OF RUSSIAN SUBMARINES TO IRAN

Chairman HAMILTON. Mr. Smith, I am intruding on your time. Let me ask one other question. We have been very exercised about the sale of submarines by Russia to Iran. Russia says that is a legitimate sale for legitimate self-defense purposes there.

Are we in any way undercut when we object to the Russians about that sale, given our own sales to the region?

Ms. DAVIS. It is not a question of whether they come back with that but whether or not we seek—

Chairman HAMILTON. That is not my question.

Ms. DAVIS. We can have debating points but the real point here is—

Chairman HAMILTON. I am asking what the Russians say? Do they raise that question?

Ms. DAVIS. They would use that argument, and it is not persuasive. And I don't think that—

Chairman HAMILTON. And if it is not persuasive?

Ms. DAVIS. Because the dangers Iran poses are very serious and we seek to keep the trade in arms to Iran from occurring.

Chairman HAMILTON. That is not persuasive to the Russians, I presume?

Ms. DAVIS. Well, at this point, they still are trading in arms with Iran. But one of our goals, again with respect to the follow-on regime in COCOM, where we hope very much that Russia will participate, that part of that regime will be a policy of restraint in arms trade to Iran.

PROBLEM OF CONVENTIONAL ARMS TRANSFERS

Chairman HAMILTON. I noticed in the President's September 27 proposal, there is no initiative there with respect to conventional arms, other than to conduct a study. That would suggest to me that you don't rank very highly the problem of conventional arms transfers. And, of course, the obvious point is that most wars are fought with conventional arms. That is where the real dangers are or have been in the past.

Ms. DAVIS. I am not sure I would agree with you that those are the most serious dangers.

Chairman HAMILTON. Well, those are the types of weapons that kill the most people, aren't they?

Ms. DAVIS. Partly because we have been successful in preventing the proliferation of even more dangerous arms: nuclear weapons.

Chairman HAMILTON. Doesn't that mean you have to pay some attention to conventional arms transfers and do something more than just study the problem?

Ms. DAVIS. I hope that by "our studying," doesn't suggest that we don't care about it.

Chairman HAMILTON. Do you have a program to follow through?

Ms. DAVIS. We have a study and we will—

Chairman HAMILTON. When will you have recommendations on that study?

Ms. DAVIS. We are aiming for the end of the year.

Chairman HAMILTON. Very good. I look forward to seeing them.

Mr. Smith, I thank you for your courtesies here.

PROSPECTS FOR POST-COCOM CONVENTIONAL ARMS CONTROL

Mr. SMITH. Thank you. I appreciate your questions, Mr. Chairman.

Secretary Davis, let me just ask you if the administration continues to focus on conventional arms sales issues in the context of an export control agreement to replace COCOM, do we risk losing our objective in the export control area, in your view?

Ms. DAVIS. I think this is the way by which we accomplish our objectives because it is very hard to do this alone. The new world is a world in which many produce these technologies and ultimately can produce these arms, so it is really working together that we will be successful without saying that we won't take these steps necessarily ourselves were we to see some very dangerous things happening.

RECONCILING ARMS SALES WITH ARMS CONTROL

Mr. SMITH. One thing, and just to pick up on what the chairman was saying, because I was focusing on conventional arms myself and the seeming lack of focus on that.

How do our allies regard the United States when we preach non-proliferation and talk about it and then set records for actually selling those arms? As the chairman pointed out, every arms sale has some kind of national securitization rationale affixed to it. And you did mention there is that domestic job issue which, obviously, when you get beyond our own borders, has absolutely no moral suasion or any other suasion you could give to it. What do you say? You could argue that we arm the world and then we talk non-proliferation.

Ms. DAVIS. Well, I think when we think about our policies for the sales of arms, which I was describing to you earlier, a number of considerations come to play and we need to balance those off. These are clearly part of the balancing that the Secretary and the President do. And so it is hard for me in the abstract to talk about overall levels in general conversations that we have about arms restraint. I think it is more important to look at dangers, to look at particular policies tailored to those dangers, and I think you will find us having a very good record in focusing on Iran, Iraq, particularly, trying to bring a restraint regime to these regions of the world.

URGING RESTRAINT ON CONVENTIONAL ARMS SALES

Mr. SMITH. Well, just two final questions. The chairman pointed out that the wars that are going on today are being obviously prosecuted with the use of conventional arms. I remember how it disturbed me to no end when I was in Bjelovar and Sisak in the former Yugoslavia, and MiG's were flying overhead as Congressman Frank Wolf and I were there. We went and observed firsthand and photographed bomb fragments of U.S.-made 500-pound bombs that had been used by the Serbian military to kill civilians. And it raised again anew the prospects of who may be our friends now, and sometime in the not too distant future, could be our enemies, or the enemies of our friends. And you know the big picture of arming the world ad nauseam does greatly disturb me.

CHINESE CONVENTIONAL ARMS SALES

And one final question, if I could. The administration has rightfully and with appropriate alarm, raised concerns about China's technological transfer of missile technology issues, the detonation of a nuclear weapon. Are there any Chinese acquisitions or sales of conventional arms that caused the administration concern?

Ms. DAVIS. Again, we do, when we talk with the Chinese, and this is one of the reasons that we have sought to revive the talks on conventional arms in the P-5, and they have rejected that, so I didn't want to leave the impression that we don't care about conversations with the Chinese on conventional arms, we do. And in areas, particularly with Iran, we raise our concerns.

So the answer to your question is that we have a nonproliferation policy with respect to China that covers the full range of ac-

tivities. We have just given priority to two that we thought particularly dangerous.

Mr. SMITH. I thank you. I yield back.

Thank you, Mr. Chairman.

Chairman HAMILTON. You yield back the balance of your time?

Mr. SMITH. Right.

Chairman HAMILTON. Mr. Gilman.

STATEMENT OF MR. GILMAN

Mr. GILMAN. Thank you, Mr. Chairman.

I join in welcoming Under Secretary Davis and representatives from the Departments of Defense, Commerce, Energy, and ACDA to the committee testifying on this important issue of nonproliferation.

As I have said on other occasions, there is no more critical threat facing our Nation than the proliferation of not only weapons of mass destruction but also of conventional arms.

Whether it be the grave situation in North Korea or the continuing problems in getting programs underway in the former Soviet Union, or the troubling levels of worldwide conventional arms transfers, it is absolutely fundamental that we get this policy right.

The problem with North Korea has reached a particularly acute stage. I think there is general agreement in the Congress that North Korea must not be allowed to succeed in its efforts to develop nuclear weapons and that we must make clear the seriousness with which we view this problem.

I am introducing legislation today that is very important to support the President's efforts to rein in the North Korean nuclear program. My legislation not only expresses congressional support for the steps the President has undertaken but also approves and encourages use by him of any additional means necessary to prevent the development, acquisition, or use by North Korea of any nuclear weaponry. I hope my legislation receives the support of the administration as well as my colleagues.

I was pleased to note both the President's remarks before the U.N. on this subject, as well as the inclusion of nonproliferation in Secretary Christopher's "six priorities of U.S. foreign policy." However, I feel compelled to say that I am disappointed it took the administration nearly 9 months to articulate its overall policy objectives, and certainly many, if not most, of the critical details have yet to come.

Secretary Davis, I would also like to note that your prepared testimony discusses extensively nonproliferation goals with regard to weapons of mass destruction but very little about conventional arms transfer and its proliferation, other than as applies to the administration's plans for a revamped COCOM.

The President also gave this issue very little attention in his speech to the U.N. General Assembly other than indicating that our Nation will undertake a comprehensive review of conventional arms transfer policy.

Accordingly, I would like to address a few questions in that direction today. Again, I thank you for coming before the committee with your staff.

OSLO MEETING ON SUCCESSOR REGIME TO COCOM

Mr. GILMAN. Secretary Davis, are you prepared to brief our staff in regard to the recent Oslo meeting concerning the follow-on regime to COCOM?

Ms. DAVIS. We would be happy to brief your staff in some detail Congressman Gilman, and indeed we have a number of high-level meetings in the coming weeks in which we hope to bring to conclusion our efforts with respect to future constraints on strategic trade.

Mr. GILMAN. Well, we understand the press reports are now circulating describing that meeting and we would welcome an early briefing to our people with regard to that.

RUSSIAN COMPLIANCE WITH MTCR

Could you describe for the committee the extent of Russian Chinese cooperation in strategic matters including the transfer of materials governed by the Missile Technology Control Regime, co-operation in nuclear testing, sharing of design information on re-entry vehicles, et cetera. Didn't the administration earlier this year notify the Congress of a violation of the MTCR by Russia in that area, and what can you tell us about the follow-up on that?

Ms. DAVIS. We did, under the provisions of the legislation, report to Congress a finding that that particular activity had occurred, but following on the Russian Government's negotiation of a bilateral agreement between the United States and Russia in which they committed to carrying out the provisions of the MTCR from the 1st of November, we waived the sanctions under the law consistent with the goals of that law, which is to keep and to prevent the proliferation of missiles and missile technologies to countries which today don't have such missiles and missile technology.

Mr. GILMAN. For how long a period of time did we grant the waiver?

Ms. DAVIS. Well, the waiver continues now as long as the Russians are in compliance with the provisions of the MTCR regime.

Mr. GILMAN. Are you providing oversight with regard to their continuation of compliance?

Ms. DAVIS. It is very high on my list of activities. And indeed, through discussions and technical interchanges between our two countries, we are working through the details by which they will carry out the provisions of that regime and, indeed, had very good conversations most recently in Moscow when I was there with the Secretary.

Mr. GILMAN. Are you satisfied they are complying now?

Ms. DAVIS. I am now satisfied that they are. We are working together, though, to ensure that for the future.

THE FUTURE OF MTCR

Mr. GILMAN. What is our policy vision for the future of the Missile Technology Control Regime? Do you plan to seek expansion of MTCR to be a tighter, more inclusive regime, and has MTCR been an effective regime to halt the proliferation of missile technology?

Ms. DAVIS. Well, as I said in my prepared statement, we are looking to a regime in the future that goes beyond simply control-

ling individually our trade in missile and missile technologies by partners, to a regime that would be more active and working together as a team to prevent that proliferation. So we wish to give the regime energy and we wish to give it a set of activities, both to encourage other countries not to trade in these kinds of missiles and missile technologies, but also possibly to bring costs to bear for those who carry out those activities.

POLICY ON SPACE-LAUNCH VEHICLE TECHNOLOGY

Mr. GILMAN. Secretary Davis, can you tell us how the administration is setting policy concerning the export of space-launch vehicle technology to try to limit the possibility of those exports being used for weapon purposes? What is your strategy for allowing MTCR parties to have access to U.S. space-launch vehicle technology and prevent reduced proliferation risks?

One further thought with regard to that, is your basic tradeoff to create incentives for parties to join the MTCR by allowing them access to U.S. space-launch technology?

Ms. DAVIS. Our goal is very much as it has been in the past, and that is to prevent the transfer of missiles and missile technologies, set our sights on that as our goal, and that is unchanged. Indeed, we believe that over the past few months that we have given energy to that particular set of goals.

We have demonstrated that we are prepared to raise the costs to those who violate the provisions of that regime. So the direction of your questioning might suggest that we are in some ways lessening our commitment to that or to our goals. And in no way is this administration doing that with respect to the MTCR regime.

DETERMINATION ON CHINESE VIOLATION OF MTCR

Mr. GILMAN. Can you tell us exactly what determination the administration has made in the case of China and the MTCR? And what sanctions have been invoked and which American companies are hit by those sanctions? Why is it taking so long to make a determination? Can you tell us when you expect a decision?

Ms. DAVIS. There has been no time since the determination in which the sanctions have not gone into place, so let me just begin by saying that we made the determination in August, that activities inconsistent with the MTCR regime and also inconsistent with our legislation had occurred, and by that determination, Category II sanctions are in place. And so at this point, I can say that there has been no lag in carrying out the law.

At the same time, we said to the Chinese Government, that under the provisions of that law, were they to come into compliance with the regime and also to end any transfers to Pakistan, that we would place ourselves in a position to waive those sanctions. So the policy stands from the time of its determination.

SANCTIONS ON SATELLITE COMPONENTS INTENDED FOR CHINESE SPACE LAUNCH VEHICLES

Mr. GILMAN. Secretary Davis, on October 25, in a briefing, you noted that regarding the imposition of sanctions against China and Pakistan, you said that the best way to—well, let me just get to

the important part. Apart from the legal statement, let me tell you what is going to be the effect, and that is for satellite components that will be launched on Chinese launchers or boosters, license for these activities will be denied over the coming 2 years.

Does your statement still hold?

Ms. DAVIS. I think the statement follows from the law in which the sanctioned activities require us to deny new export licenses for MTCR-annexed items, both munitions and dual-use items. So consistent with the law and consistent with that statement, we will be carrying out the licensing consistent with the practices of the State Department and the Commerce Department.

Mr. GILMAN. When do you anticipate that those regulations will be issued?

Ms. DAVIS. It is not a question of issuing regulations, it is a question of responding to licenses as they come to each of these Departments.

Mr. GILMAN. Are there any license applications now?

Ms. DAVIS. I would like to take that for the record and only to say that I can assure you that we are carrying out the sanctions as required by the law.

[The information follows:]

Since the announcement of the missile proliferation sanctions against specified Chinese entities and governmental activities, the Office of Defense Trade Controls has "returned without action" six license applications falling within the purview of the sanctions. There are no applications pending before the Office of Defense Trade Controls which fall clearly within the purview of the sanctions.

NUMBER OF EXPORT LICENSES DENIED SINCE IMPOSITION OF SANCTIONS ON CHINA

Mr. GILMAN. Well, are there any licenses that have been denied as a result of these violations?

Ms. DAVIS. No licenses have been permitted since the determination of those sanctions.

Mr. GILMAN. How many are pending?

Ms. DAVIS. My recollection is there are some six but let me again provide that for the record.

Mr. GILMAN. With that, Mr. Chairman, I request that the response be submitted for the record and be included in the record.

Chairman HAMILTON. Without objection, so ordered.

[The information follows:]

The Office of Defense Trade Controls reviews license applications on an ongoing basis to determine whether they fall within the scope of the sanctions. As of November 29, one application was under review to determine whether it is covered by the sanctions.

PROPOSED AIRCRAFT SALE TO ISRAEL

Mr. GILMAN. Thank you, Mr. Chairman.

Just one last question. Madam Secretary, do you plan to notify Congress in the coming weeks or months about a proposed F-15 or F-16 package to Israel?

Ms. DAVIS. I was asked earlier, Congressman, as to who has responsibility from the government for various activities. Coming up to me will be a proposal—coming to me are proposals for such

transfers. None has come to me and so I would wish not to make any projections or promises with respect to that.

Mr. GILMAN. Are you saying that you don't have such a proposal before you?

Ms. DAVIS. I do not have today such a proposal before me. I understand that these are very much under consideration. The narrow statement that I have made to you is that I, myself, haven't received the proposals in this regard.

U.S. COMPANIES AFFECTED BY SANCTIONS ON CHINA

Chairman HAMILTON. Would the gentleman yield a moment?

Mr. GILMAN. Yes, I would be pleased to yield.

Chairman HAMILTON. I wanted to go back to your question on sanctions with respect to China.

What American companies are hit by those sanctions?

Ms. DAVIS. Let me—let me begin by saying that under the legislation which calls for these sanctions, the legislation specifically says that the economic impact of sanctions cannot be a part of determination. The determination needs to be made when the evidence is there that such activities have occurred. And so in making this determination, I didn't have before me the list of companies and the particular activities that would be sanctioned. That follows on from the determination, so I don't hold in my head the names of the companies or the specific licenses that are out there. I can provide that for the record if you would wish.

[The information follows:]

The Office of Defense Trade Controls has "returned without action" applications from the following companies in accordance with the sanctions: Hughes Aircraft, Martin Marietta, and Scientific Atlanta.

Chairman HAMILTON. Isn't the Hughes Company one of them?

Ms. DAVIS. There are satellites that Hughes makes. There are satellites that other companies make as well.

Chairman HAMILTON. Isn't Hughes one of them?

Ms. DAVIS. Hughes I believe is one of these.

Chairman HAMILTON. Is Hughes the most important one?

Ms. DAVIS. I don't know how one would judge the relative importance.

Chairman HAMILTON. Well, dollar volume would be one way.

Ms. DAVIS. It might be and again, Mr. Chairman, I don't have this in my head and would have to provide that for you.

Chairman HAMILTON. You do not know whether Hughes is the top company involved here by dollar volume standard, for example?

Ms. DAVIS. I do not know that, but I can provide you that.

[The information follows:]

The value of the Hughes licenses which the Office of Defense Trade Controls has "returned without action" exceeds that of other U.S. firms' licenses. The specific dollar amounts of the licenses are proprietary data and cannot be disclosed.

Chairman HAMILTON. What other company might be involved?

Ms. DAVIS. Martin-Marietta might have some satellites, and there is—there could be some other firms that in the course of these 2 years had either satellites or items on this list of exports which would be denied under the sanctions provision.

STATUS OF EXPORT LICENSE APPLICATIONS FOR MTCR-ANNEXED ITEMS

Chairman HAMILTON. When are you going to make a decision? Ms. DAVIS. I am not sure which decision you are referring to.

Chairman HAMILTON. Well, are you—

Ms. DAVIS. The sanctions are in place, Mr. Chairman. We have made that determination.

Chairman HAMILTON. So you are denying Hughes, at this point, the ability to export to China?

Ms. DAVIS. We are required under the law to deny new export licenses for MTCR-annex items. We are carrying out the law.

Chairman HAMILTON. So it is not even under review at this point? A determination has been made, Hughes will not make the sale, period; is that correct?

Ms. DAVIS. That is not what I said. I have said that Hughes—

Chairman HAMILTON. I am trying to understand. You said that there was no decision to be made. Hughes cannot make the sale under the law, and you are not reviewing it. It is just a *fait accompli*. Is that right?

Ms. DAVIS. I am being hesitant not because I—it is just not for me to make that determination. The law says that we will deny licenses for entities that have MTCR items. The second point is when the licenses—

Chairman HAMILTON. I am trying to understand this. The law applies to Hughes. They cannot sell. Is that the status of the law?

Ms. DAVIS. It would depend on what it is that Hughes was asking to license. If they are asking to license a satellite that includes items that are denied by the State Department, they will not be able to make that sale. But I don't believe, Mr. Chairman, that they have brought those licenses up for review.

AGENCY JURISDICTION FOR EXPORT LICENSE APPROVAL

Chairman HAMILTON. Now, the Commerce Department is looking at this; are they?

Ms. DAVIS. The Commerce Department also—

Chairman HAMILTON. Who is the spokesmen for the Commerce Department here? What is the status of this sale by Hughes, Mr. Clements?

Mr. CLEMENTS. Mr. Chairman, currently these matters are under the sole prerogative of the Department of State because they are licensed by the State Department. They are not licensed by the Commerce Department.

Chairman HAMILTON. So you are playing no role in it?

Mr. CLEMENTS. We generally do not play a direct role in the licenses for munition items, no.

Chairman HAMILTON. What do you mean "generally"? I am talking specifically.

Mr. CLEMENTS. In this case, no.

Chairman HAMILTON. You have no role in this case? Commerce has played no role here?

Mr. CLEMENTS. In the consideration of these licenses, no.

Chairman HAMILTON. For Hughes?

Mr. CLEMENTS. That is correct.

Chairman HAMILTON. And so far as you are concerned, the decision rests with State, and the President, of course?

Mr. CLEMENTS. Under the current state of regulations, those licenses have to be issued by the Department of State.

Ms. DAVIS. Are you asking, Mr. Chairman—

Chairman HAMILTON. Did you know anything about this sale?

Mr. CLEMENTS. Mr. Chairman, we are not aware of the status of the consideration of the licenses within the Department of State. Hughes does not come to the Department of Commerce because they do not require Department of Commerce authorization in order to export those satellites.

Ms. DAVIS. Also, Mr. Chairman—

LAW MANDATES DENIAL OF EXPORT LICENSE FOR HUGHES SATELLITES

Chairman HAMILTON. What I am trying to understand is the government denying Hughes the opportunity to sell these satellites to China.

Ms. DAVIS. The administration is carrying out the law having made the sanctions determination and that is to deny new export licenses for MTCR-annex items.

Chairman HAMILTON. And that applies to Hughes?

Ms. DAVIS. And that applies to Hughes, although, Mr. Chairman, I don't believe the licenses—

Chairman HAMILTON. Now, that decision is not under review. It has been made. You feel compelled to do that, I think I understood you to say a moment ago, by the law?

Ms. DAVIS. I do.

Chairman HAMILTON. And so there is no further decision to be made. Hughes is out of the game?

Ms. DAVIS. That is correct, as long as they are—the reason I am not being as precise as you would wish me to be, perhaps, is the sanctions apply to MTCR-annex items so there are activities that Hughes could be carrying out that wouldn't fall under this sanction.

Chairman HAMILTON. But what they have asked to sell would come under these sanctions; is that correct?

Ms. DAVIS. Satellites with MTCR-annex items that come before the State Department will be denied.

Chairman HAMILTON. And have been denied?

Ms. DAVIS. I don't believe they have come. Were they to come, they would be denied.

Chairman HAMILTON. They would be denied. And the decision is not under review?

Ms. DAVIS. The decision isn't under review.

Chairman HAMILTON. If I understood you correctly, you don't feel like you have any discretion.

Ms. DAVIS. I do not believe under the law that I have any discretion. Can I try a somewhat more philosophical response because I think in this case the law provides us with no flexibility? It certainly doesn't provide us with any flexibility in making a determination under the law with respect to its economic effects. It has had the consequence of affecting American jobs and I would like to work with the committee to be sure that we and the committee are

both comfortable with the character of our goals and the sanctions that are required to meet those goals.

PROSPECTS FOR CHANGE IN THE LAW

Chairman HAMILTON. Are you recommending any change in the law?

Ms. DAVIS. I am not making any recommendation, but I think it is time to—

Chairman HAMILTON. Are you satisfied with the law?

Ms. DAVIS. I inherited the law and I have been carrying out the law, and it is clearly the case—

Chairman HAMILTON. But if that law works against U.S. commercial interests, you would recommend a change; would you not?

Ms. DAVIS. I believe it serves our nonproliferation goals, and I am confident that those goals are critical to our national security and we need to accomplish those goals. The effect of the particular regime of sanctions may have consequences that we ought to think again about, given that it is having an effect on American jobs.

Chairman HAMILTON. So are you reviewing possible amendments or modifications to the law?

Ms. DAVIS. We started to talk with your staff, Mr. Chairman, about this legislation and how we view it, now having come through these various diplomatic efforts to accomplish our goals, these nonproliferation goals that are central to our administration and also central to this legislation.

Chairman HAMILTON. So you are looking at modifications of the law?

Ms. DAVIS. We would like to come in and begin to talk to you about this, but I don't have a view at this point and I don't think it is appropriate to have a view at this point.

Chairman HAMILTON. OK.

Mr. Royce.

ITEMS SUBJECT TO MTCR-RELATED SANCTIONS

Mr. GILMAN. Mr. Chairman.

Chairman HAMILTON. I am sorry. I took Mr. Gilman's time. I apologize.

Mr. GILMAN. Thank you, Mr. Royce.

Just one or two questions.

Madam Secretary, if you are going to propose any rewrite of the law, I just would like to remind you that our staffs are beginning to work on the new foreign aid measure now and will be doing substantial work between now and January, so we would hope that you would come forward at an early date.

Let me just understand something. Are satellites now under the MTCR, the jurisdiction of MTCR?

Ms. DAVIS. Let me ask you to—again, I am not a lawyer so I don't know precisely what you are trying to ask.

Mr. GILMAN. Tell us what is in your mind and let us hear what your concerns are.

Ms. DAVIS. Satellites are not listed as an item in the guidelines and provisions and annex of MTCR, but items on that list can often be in satellites.

Mr. GILMAN. So the component parts are on the list but the satellite is itself is not, that is what you are saying?

Ms. DAVIS. That is correct.

Mr. GILMAN. That doesn't seem to make sense.

Ms. DAVIS. Truthfully, I didn't write the annex to this particular provision, but I think what they were trying to get at were the kinds of items that contribute to the making of missiles and technologies, and a satellite, as a whole, doesn't itself—is not a missile and it is not itself a direct contributor, but items embedded within a satellite, taken out of a satellite and then put into a missile, can be turned—

Mr. GILMAN. Is Hughes' application for building a satellite?

Ms. DAVIS. Yes.

Mr. GILMAN. Yet you deny them a license because the component parts could be used for something else?

Ms. DAVIS. Because the law requires us to once sanctions are determined, once a violation is determined and sanctions go in, that is what the law requires.

Mr. GILMAN. Well, assume that Hughes company, or whatever other company, could satisfy the licensing people that all of the component parts are going to be used for a satellite and not for any missile technology, would you then be in a position to issue a license?

Ms. DAVIS. I could ask you and those of you who drafted this law, whether that was how you saw the intent, but the law itself doesn't suggest that I have that much—that I have that much flexibility.

Mr. GILMAN. It would seem to me that rational reasoning would apply here if the company can show, whatever company it may be, that what they are doing is manufacturing a satellite and not manufacturing any missiles, that there ought to be some discretion in your review.

Ms. DAVIS. So that we can work together to make sure that the legislation is consistent with the goals that we would wish.

FINANCIAL CONSEQUENCES OF EXPORT LICENSE DENIAL

Mr. GILMAN. I hope we can do that, because it would seem to me—do we have any idea what the cost estimate is for Hughes being denied satellite production?

Ms. DAVIS. I don't have that myself, I am afraid. And, again, it would depend on what precisely they would be wishing to apply in terms of licenses.

Mr. GILMAN. Didn't you make some estimate in your October 25th briefing of some \$400 to \$500 million as the cost of the loss of this satellite production?

Ms. DAVIS. That wasn't Hughes specific. That was a general sense of what the implications would be, absent changes in the market and this was looking back at the kinds of activities and then projecting those forward.

Mr. GILMAN. I hope we can we define these things, and at the same time, prevent missile proliferation, and at the same time, allow the reasonable production of satellites within our country, and we look forward to working with you.

Thank you, Mr. Chairman.

RATIONALE FOR EXPORT LICENSE DENIAL

Chairman HAMILTON. Mr. Gilman.

I want to pursue this one more time. I am still wrestling with this thing.

Satellites from Hughes were sold to third countries, as I understand it. And those satellites were to be launched on Chinese missiles. Hughes contends that these satellites are not transferred to China?

Am I correct in my understanding that they are simply launched on Chinese missiles?

Ms. DAVIS. Right.

Chairman HAMILTON. Your contention is that the satellites are, in fact, transferred to China; is that right?

Ms. DAVIS. That is the interpretation that we are making.

Chairman HAMILTON. And—

Ms. DAVIS. Because they come under—I mean, this is a contract with China, so again I only—I tell you I am not a lawyer and this is a matter of legal interpretation. Clearly, the lawyers have spent some considerable time with this, but again I think what we need to think about is that we were serving our overall nonproliferation goals. What China had done was inconsistent with those, and very dangerous. And this occurred with Pakistan, in a part of the world where we already worry about the development of weapons of mass destruction.

Chairman HAMILTON. All right.

Mr. Royce.

ASSESSING NORTH KOREA'S NUCLEAR CAPABILITY

Mr. ROYCE. Yes, Mr. Chairman.

Director of Central Intelligence, James Woolsey, when he testified earlier in the year, indicated at that time, I think his words were that the North Koreans probably, probably had the material right now to build at least one bomb.

Now, you are apparently of the opinion that they are no longer developing nuclear material, but let me ask you what assurances you could give us that they are not at this time using the material that they already have to build that bomb?

Ms. DAVIS. The material that you refer to and formed the basis of Mr. Woolsey's statement, derives from the discrepancies that the IAEA had found in the reporting and which led the IAEA to request these special inspections. These special inspections have not occurred. And while we don't have any direct way of discovering what they are doing with this material, obviously, our concerns about that have led us to support very strongly the IAEA in wishing to carry out those inspections.

ASSESSING NORTH KOREAN RESPONSE TO IMPOSITION OF SANCTIONS

Mr. ROYCE. Well, what is your assessment, if I could ask, of what the North Korean response would be if you were to support sanctions against North Korea until such time as you get those inspections?

Ms. DAVIS. It is very hard for me to predict the reaction. More importantly, it is very important for North Korea to understand—

Mr. ROYCE. I understand that, but I am just asking, have you made an assessment? Is there an assessment?

Ms. DAVIS. Because of the isolation and the uncertainties surrounding that regime and what we know about that regime, we see dangers if we move to a confrontation. On the other hand, we are not going to allow the possibility of those dangers to stand in the way of doing what is necessary to carry out our obligations both with respect to the Nonproliferation Treaty and with respect to preventing North Korea from developing the bomb.

Mr. ROYCE. For your own edification, it seems to me that what we are doing here is just treading water. That statement does not answer the question even if we have made an assessment and what we intend to do.

Ms. DAVIS. I don't think we are treading water. And let me be quite clear, we have pursued diplomacy to this point under the condition that North Korea has suspended its withdrawal from the NPT and with confidence that they are not further developing nuclear material, so we are not treading water. We are seeking to keep North Korea carrying out its obligations. And when we determine that they failed to do that, we have said, and others in the international community have said that we will take this to the Security Council, with the next step being sanctions. So we are not treading water.

Mr. ROYCE. And the bottom line is in the meantime we can't give any assurances to anybody that they are not using that material right now to build a bomb, and I just want to point that out.

Ms. DAVIS. That is consistent with what the intelligence community would say to you as well.

Mr. ROYCE. Thank you.

Thank you, Mr. Chairman.

COMPREHENSIVE TEST BAN NEGOTIATOR

Chairman HAMILTON. Has a comprehensive test ban negotiator been named yet, a chief negotiator?

Ms. DAVIS. We are proceeding to begin negotiations in the Conference on Disarmament in January of 1994. Our current Ambassador, Ambassador Ledogar will be conducting those negotiations in that forum. Prior to that, I have been leading an interagency team seeking to put together the elements of our proposals that we would introduce at the time that those negotiations get underway.

Chairman HAMILTON. So we have not yet appointed a—

Ms. DAVIS. No, we have. Ambassador Ledogar will be conducting the negotiations in the Conference on Disarmament.

Chairman HAMILTON. He has been named as negotiator, is that it?

Ms. DAVIS. He is our negotiator.

TIMEFRAME ON DISARMAMENT NEGOTIATIONS

Chairman HAMILTON. What is the time line on those negotiations?

Ms. DAVIS. Well, we—

Chairman HAMILTON. Are we going to have an agreement by 1995, of the NPT Review Conference, for example?

Ms. DAVIS. We wouldn't wish to link the two that closely so that we hold one hostage to the other. Our goal is to have—to be as far along as we can by 1995. I would hope to have the elements of such a treaty in our overall goal, a treaty ready for ratification by 1996.

Chairman HAMILTON. Those negotiations take place in Geneva, the U.N. Conference on Disarmament, is that right?

Ms. DAVIS. That is correct.

STATUS OF TESTING MORATORIUM

Chairman HAMILTON. Now, we have a testing moratorium in place. Have other governments endorsed that? Are there some governments that have not endorsed it?

Ms. DAVIS. A moratorium has been endorsed by the United States, Russia, the U.K., and most recently by France extending their commitment that President Mitterrand has made. The Chinese have not joined in that moratorium, but in a resolution soon to be passed by the United Nations General Assembly, a consensus resolution will indicate, I believe, that restraint in testing serves our goals of negotiating the Comprehensive Test Ban Treaty.

Chairman HAMILTON. Do you have any reason to think that China is going to continue its nuclear tests?

Ms. DAVIS. The Chinese said they are not prepared to enter into a moratorium. They understand that we would wish them not to continue testing. We would wish that they exercise the restraint currently being shown by the other nuclear powers.

But I think, Mr. Chairman, we can't let this issue stand in the way of making good on the Chinese commitment made publicly at the time of their recent test, that they wish to negotiate a comprehensive test ban by 1996 as well.

Chairman HAMILTON. Well, what is your strategy for getting China to stop further nuclear testing? How are you dealing with that problem?

Ms. DAVIS. Well, in the first instance, we are consulting and working closely with them toward the accomplishment of a test ban treaty in which there would then be no further testing. So that is our overall goal and in the interim, we are seeking both bilaterally and through the support of others in the international community that they exercise restraint.

Chairman HAMILTON. What has been the Chinese response? Have they said they are going to go ahead and test or are they going to consider this request for restraint?

Ms. DAVIS. They have responded by suggesting they have done a very small number of nuclear tests, far smaller than the other nuclear powers, and they believe that they may wish to continue to do some testing in coming years. But again, importantly, they have committed themselves publicly now to a treaty in 1996.

Chairman HAMILTON. Mr. Royce, do you have further questions?

FRENCH AND GERMAN SATELLITES ON CHINESE SPACE LAUNCH VEHICLES

Mr. ROYCE. Mr. Chairman, just following up.

China and France, is it true that both countries have offered the same arrangement, the same satellite arrangement with China that the United States is not pursuing? I mean, they are both members of MTCR.

Ms. DAVIS. The Chinese, unfortunately, are not members of MTCR—

Mr. ROYCE. Excuse me. The French and German companies, I assume with French and German governmental support, have made the offer, if I understand correctly, to the Chinese to step in and offer the same satellite arrangement?

Ms. DAVIS. They don't have the same legislation that we have with respect to—

Mr. ROYCE. So even though they are members of MTCR, they are not bound or their governments perceive that their companies are not bound in the same way?

Ms. DAVIS. They are not bound because the legislation under which we are denying these particular sales is our own unilateral legislation on the part of the U.S. Government.

Mr. ROYCE. I see. I would point out that clearly France and Germany are not helping in this circumstance. I would just ask if you—

Ms. DAVIS. We have gone to France and Germany and asked them not to undercut our policies and raised with them the dangers of what China has been doing and we have tried to gain their support.

Mr. ROYCE. Thank you.

Thank you, Mr. Chairman.

TIMEFRAME FOR PHASING OUT COCOM

Chairman HAMILTON. On the COCOM, they go out of business at the beginning of 1994; is that right?

Ms. DAVIS. We haven't determined a time in which we would phaseout COCOM. Indeed, that is a question that has to do with how we put in place the successor regime. We have not ourselves committed to a successor to COCOM or those controls at this point, Mr. Chairman.

Chairman HAMILTON. You expect COCOM to go out of business fairly soon?

Ms. DAVIS. We see ourselves as phasing this out in the coming months, but I don't think we can say with precision exactly when that will occur.

MEMBERSHIP IN SUCCESSOR REGIME TO COCOM

Chairman HAMILTON. And you are going to try to put in its place a new regime with former COCOM members and some of the Eastern European countries?

Ms. DAVIS. The Newly Independent States, as well as Russia. We would see Russia as a partner.

Chairman HAMILTON. Russia as partner. Would China be a part of this new regime?

Ms. DAVIS. We would set the same requirements for membership. These requirements would be nondiscriminatory in the sense of adherence to nonproliferation norms and adequate export controls. At

this point, China is not—its activities are not consistent with those standards.

PROGRESS TOWARD ADOPTION OF NEW REGIME

Chairman HAMILTON. Now, you are going to focus in this new regime on this prenotification approach you were describing a little earlier, and I suppose with regard to certain countries, at least, just flat prohibitions with respect to arms sales?

Ms. DAVIS. That is correct.

Chairman HAMILTON. Are most of the nations that we have worked with in COCOM, the British the French and the others, they are supportive of this new regime; are they?

Ms. DAVIS. We are making progress but we are not there yet. Meetings will be held in the coming months in order to bring this to a conclusion.

Chairman HAMILTON. Why—do they have some hesitancy on this and if so, what is it?

Ms. DAVIS. I think you know that some of our allies have always been hesitant with respect to discussions and consultations prior to the sales of arms as well as to the trade in dual-use technologies. That is simply a fact, but we believe that the dangers are such and the nature of the kinds of consultations and prior notifications that we are seeking are responsible ways to move in the new world.

SUCESSOR REGIME TO BE BASED ON NATIONAL DISCRETION

Chairman HAMILTON. Now, under COCOM, the United States had a veto, in effect, on dual-use exports.

Ms. DAVIS. It was regime of consensus and therefore—

Chairman HAMILTON. It was veto operated, and the regime you are thinking of putting into place, would it also operate by consensus?

Ms. DAVIS. No. It is going to work on the basis of national discretion and that, Mr. Chairman, is why we need to be absolutely confident that we have the right regime in place before we phaseout COCOM and end that consensual regime.

Chairman HAMILTON. Would we in this new regime, then, lose our veto?

Ms. DAVIS. A follow-on to COCOM would not be a regime in which there will be consensus with respect to strategic trade.

Chairman HAMILTON. So, in effect, we would not have a veto?

Ms. DAVIS. That is correct. Mr. Chairman, I have a number of goals with respect to this regime, but that one I fear is not possible to accomplish.

Chairman HAMILTON. OK.

Mr. Gilman.

ALLIED SALES TO IRAN

Mr. GILMAN. Thank you, Mr. Chairman.

I just have one area I would like to explore with the Secretary. The comments conveyed from the G-7 Tokyo Economic Summit stressed that our Nation and its allies have worked to coordinate their policies with respect to Iran, specifically, to seek a change in Iranian behavior in a number of areas.

Could you tell us what has been the record of allied cooperation in that area since that summit meeting and what are the practical implications of the EC Policy of Constructive Dialogue with Iran, announced at that Summit in Edinburg?

Ms. DAVIS. Quite frankly, we haven't made the progress that we might have wished. I think it is important to differentiate the various kinds of transfers and trade that we are focusing here on. With respect to arms themselves—

Mr. GILMAN. Hasn't that been the primary focus on Germany's trade with Iran?

Ms. DAVIS. It is not arms that we are worried about because here we have had success but rather trade in dual-use technologies and items where we do have differences of view as to whether there should be complete restraint with respect to that trade.

Mr. GILMAN. I have before me a newsletter entitled the "Iran Business Monitor," Volume Number 2, Number 6 of November 1993, and in it states that Siemens of Germany is currently competing for contracts valued in the hundreds of millions of deutschemarks on a digital communication network handling 500,000 lines.

The majority of the parts are to be produced in Shiraz and the final decision is yet to be announced by the Telecommunications Company of Iran. Have we been monitoring that proposal to find out whether there is any COCOM concerns and could our own companies sell the type of equipment to Iran under our export control laws?

Ms. DAVIS. The regime on COCOM wouldn't be targeting Iran. You recall that is the regime that targeted in the East-West context the Soviet Union—

Mr. GILMAN. But by analogy, would those same restrictions apply here?

Ms. DAVIS. They are not going to apply within the context of COCOM. Again, what we are seeking to do in a successor regime is to focus on these new strategic concerns, and Iran is clearly in that category and working to constrain the trade in these dangerous technologies to Iran in the specific case I have—I am not familiar with the specific case, but clearly, we do care or else we wouldn't be spending so much time and energy to seek these goals with respect to the successor regime.

Mr. GILMAN. Could Mr. Clements comment on this proposal?

Are you aware of it?

Mr. CLEMENTS. Congressman, I have no direct information about the transaction. Under U.S. regulatory requirements, such a transfer would require a license, and as you know, under the Iran Sanctions Act, the Department of Commerce would not be authorized to issue such a license.

Mr. GILMAN. So our companies would not be able to engage in this. If we are looking for allied help and cooperation, how do we monitor this kind of sale? It is significant. We are talking about hundreds of millions of deutschemarks.

Ms. DAVIS. We have made very clear, Congressman, that this kind of trade between our allies and Iran is not something that we support.

Mr. GILMAN. What do we do about tightening up the trade?

Ms. DAVIS. Well, in some ways, one wished one could control all of this as others. But as I tried to lay out in my opening remarks, these issues go to the national policies and sovereignties of governments, so we seek by what—

Mr. GILMAN. I am referring to that communique out from the G-7 Tokyo Economic Summit that stressed that our Nation and allies would work to coordinate this.

Ms. DAVIS. Well, we are working to coordinate but, obviously, we are not there yet.

Mr. GILMAN. So it is sort of a failure of that policy?

Ms. DAVIS. Let's not say it is a failure. I think we are having some success in convincing other governments that Iran is a danger and a security threat, and we need to be constrained in the kinds of trade that we do.

Mr. GILMAN. Has Germany shown any indication that they support our objectives in stopping dual-use exports to Iran?

Ms. DAVIS. They have in place an export control regime that has been revamped and redesigned after their experiences with respect to trade with Iraq, and I believe that they are controlling sensitive trade to that country.

Mr. GILMAN. Well, could you specifically make some inquiries about this Siemens proposal and let our record contain your response to the extent of your review?

Ms. DAVIS. I shall.

Mr. GILMAN. Thank you.

Mr. Chairman, I ask that it be made part of the record.

Chairman HAMILTON. Without objection.

[The information follows:]

I am personally unfamiliar with the details of the alleged Siemens Corp. transaction with the Telecommunications Company of Iran. That said, responsible officers of the Department have made inquiries of our embassy in Bonn, and I will provide you that information upon receipt. We have requested our embassy to obtain a status report on the alleged transaction, along with technical specifications to address whether the telecommunications equipment is sophisticated enough that it would have been controlled if Iran were a COCOM-proscribed destination.

Mr. GILMAN. Thank you, Mr. Chairman.

I thank the witnesses.

LAND MINES MORATORIUM

Chairman HAMILTON. Do we support the South Pacific nuclear free zone?

Ms. DAVIS. We do.

Chairman HAMILTON. OK. Just to conclude, we have had you here a long time, and we appreciate your testimony.

I was reading the reports in the paper about land mines, and I understand that worldwide production of these weapons is now up to an annual rate of 10 million, and that they kill something like 200 people a day. They have become an awesomely destructive weapon and they now terrorize civilians in many countries in the world. I think the Senate last month passed an amendment to place a moratorium on the export of land mines.

There are many countries, I understand, that produce land mines. We produce them. I am not sure if we are a major producer. The administration supports that moratorium; does it?

Ms. DAVIS. We do, and we have been working in the United Nations General Assembly on a resolution which can bring the world community in support of that moratorium. Indeed, this is an example of where we are taking the lead. Senator Leahy has been very concerned, has been working with us toward these goals and I raised these in consultations I had in Russia and Moscow a couple of weeks ago. I believe that Russia, too, will be prepared to support us in this particular goal.

It is as tragic as you suggested, Mr. Chairman, and it is a goal that all of us should seek to work together to accomplish.

Chairman HAMILTON. Thank you very much.

We have a few questions we might submit for a written response. [The information appears at the conclusion of the hearing.]

We appreciate your testimony. The committee stands adjourned.

Ms. DAVIS. Thank you.

[Whereupon, at 12:32 p.m., the committee was adjourned.]

PREPARED STATEMENT OF HON. LYNN E. DAVIS, UNDER SECRETARY
FOR INTERNATIONAL SECURITY AFFAIRS, DEPARTMENT OF STATE

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE TO DISCUSS AN ISSUE OF GREAT IMPORTANCE TO THE CLINTON ADMINISTRATION. NON-PROLIFERATION IS THE ARMS CONTROL PRIORITY OF THE POST-COLD WAR WORLD. THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION, BALLISTIC MISSILES AND ADVANCED CONVENTIONAL ARMS, AS WELL AS THE TECHNOLOGIES WHICH ARE NECESSARY FOR THEIR DEVELOPMENT, REPRESENTS THE MOST CRITICAL SECURITY THREAT WE FACE. AS A RESULT, THE CLINTON ADMINISTRATION IS PLACING A VERY HIGH PRIORITY ON NON-PROLIFERATION.

PRESIDENT CLINTON SAID IN HIS ADDRESS TO THE UN GENERAL ASSEMBLY THAT THE UNITED STATES INTENDED "TO WEAVE NON-PROLIFERATION MORE DEEPLY INTO THE FABRIC OF ALL OF OUR RELATIONSHIPS WITH THE WORLD'S NATIONS AND INSTITUTIONS." SECRETARY CHRISTOPHER LAST WEEK PLACED NON-PROLIFERATION AS ONE OF HIS TOP PRIORITIES. INDEED, NON-PROLIFERATION IS INTEGRAL TO SUCCESS IN ACHIEVING ALL HIS PRIORITIES.

LET ME BRIEFLY DESCRIBE THE CLINTON ADMINISTRATION'S NON-PROLIFERATION AGENDA, WHICH SPANS THE WHOLE RANGE OF PROLIFERATION DANGERS, AND WHICH WE ARE PURSUING WITH A GLOBAL

DIPLOMATIC EFFORT. IN SETTING THE OVERALL FRAMEWORK FOR OUR ACTIONS, WE HAVE SOUGHT TO ENSURE THAT OUR POLICIES RESPOND TO THE POLITICAL, SECURITY, AND ECONOMIC CONCERN WHICH MOTIVATE THOSE SEEKING TO ACQUIRE OR TRADE IN DANGEROUS TECHNOLOGIES AND WEAPONS.

NEWLY INDEPENDENT STATES

SECRETARY CHRISTOPHER RETURNED RECENTLY FROM A TRIP TO FOUR OF THE NEWLY INDEPENDENT STATES OF THE FORMER SOVIET UNION -- RUSSIA, KAZAKHSTAN, UKRAINE, AND BELARUS. I ACCOMPANIED THE SECRETARY EXCEPT FOR THE STOP IN BELARUS.

IN ALL FOUR CAPITALS, SECRETARY CHRISTOPHER PLEDGED AMERICAN SUPPORT FOR DEMOCRATIC REFORM AND A TRANSITION TO A MARKET ECONOMY. HE STRESSED THAT THESE COUNTRIES ARE NO LONGER ADVERSARIES OF THE UNITED STATES BUT PARTNERS IN ASSURING SECURITY THROUGHOUT THE WORLD. HE FURTHER FOCUSED ON A CRITICAL OBJECTIVE OF HIS MISSION -- AVERTING THE SINGLE GREATEST DANGER EVER TO THREATEN HUMANITY: THE NUCLEAR DANGER AND THE THREAT FROM THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION.

THE UNITED STATES AND RUSSIA ARE CONSULTING VERY CLOSELY ON THE TWIN GOALS OF NEGOTIATING AS QUICKLY AS POSSIBLE A

COMPREHENSIVE TEST BAN AND ACHIEVING THE INDEFINITE EXTENSION IN 1995 OF THE NON-PROLIFERATION TREATY (NPT). PRESIDENT YELTSIN EXPRESSED STRONG SUPPORT FOR PRESIDENT CLINTON'S PROPOSAL TO STOP PRODUCTION OF FISSIONABLE MATERIAL FOR NUCLEAR WEAPONS PURPOSES. RUSSIA REAFFIRMED ITS COMMITMENT TO THE GOAL OF ELIMINATING CHEMICAL WEAPONS, AND WE DISCUSSED STEPS DESIGNED TO GAIN CONFIDENCE IN RUSSIA'S COMPLIANCE WITH THE BIOLOGICAL WEAPONS CONVENTION.

IN MOSCOW WE WORKED TOGETHER TO ENSURE A SMOOTH ENTRY INTO FORCE OF THE BILATERAL MISSILE TECHNOLOGY CONTROL REGIME (MTCR) AGREEMENT SIGNED BY VICE PRESIDENT GORE AND PRIME MINISTER CHERNOMYRDIN IN SEPTEMBER, AS WELL AS CHANGES TO RUSSIA'S TECHNOLOGICAL COOPERATION WITH INDIA. WE LOOK FORWARD TO FUTURE RUSSIAN MEMBERSHIP IN THE MTCR.

IN KAZAKHSTAN, PRESIDENT NAZARBAYEV TOLD SECRETARY CHRISTOPHER THAT KAZAKHSTAN WILL ACCED TO THE NPT AS A NON-NUCLEAR WEAPONS STATE BY THE END OF THIS YEAR. SINCE KAZAKHSTAN HAS ALREADY RATIFIED THE START I TREATY, THIS WILL COMPLETE KAZAKHSTAN'S FULFILLMENT OF ITS COMMITMENTS UNDER THE LISBON PROTOCOL. WE ALSO AGREED TO ESTABLISH A NUNN-LUGAR ASSISTANCE PROGRAM TO KAZAKHSTAN TO FACILITATE THE ELIMINATION OF THE SS-18 MISSILES THERE; THE NECESSARY AGREEMENTS HAVE BEEN PREPARED FOR HIGH-LEVEL SIGNATURE.

IN UKRAINE, THE SECRETARY ADDRESSED A BROAD RANGE OF ECONOMIC AND SECURITY QUESTIONS. WE ARE PROVIDING \$155 MILLION IN ECONOMIC ASSISTANCE TO UKRAINE, AND ARE PREPARED TO EXPAND SUBSTANTIALLY OUR ASSISTANCE ONCE UKRAINE UNDERTAKES MARKET REFORMS. ON THE NUCLEAR QUESTIONS, PRESIDENT KRAVCHUK REAFFIRMED THE GOAL OF A NON-NUCLEAR UKRAINE AND HIS PERSONAL COMMITMENT TO RATIFY THE START TREATY AND ACCEDE TO THE NPT AS A NON-NUCLEAR-WEAPONS STATE. HE MADE CLEAR THAT THE LISBON PROTOCOL COVERS ALL NUCLEAR WEAPONS IN UKRAINE, INCLUDING THE SS-24S.

AGREEMENTS WERE SIGNED ESTABLISHING A SCIENCE AND TECHNOLOGY CENTER, WHICH IS DESIGNED TO PROVIDE ALTERNATIVE EMPLOYMENT FOR WEAPONS SCIENTISTS; PROVIDING ASSISTANCE TO UKRAINE TO IMPROVE THE SAFETY OF NUCLEAR POWER STATIONS; AND PROVIDING THE LEGAL FRAMEWORK FOR A \$175 MILLION NUNN-LUGAR PROGRAM TO ASSIST IN DISMANTLING NUCLEAR FORCES IN UKRAINE. NUNN-LUGAR ASSISTANCE FOR DISMANTLING NUCLEAR FORCES IN UKRAINE WILL PROCEED ONCE THE UMBRELLA AGREEMENT ENTERS INTO FORCE AND SPECIFIC IMPLEMENTING AGREEMENTS ARE CONCLUDED; THE FLOW OF ASSISTANCE WILL THEN DEPEND ON THE SCOPE AND PACE OF DISMANTLING IN UKRAINE. THERE IS CONSIDERABLE WORK AHEAD WITH UKRAINE AS THERE REMAINS SOME OPPOSITION WITHIN THE UKRAINIAN GOVERNMENT TO BEING A NON-NUCLEAR WEAPONS STATE.

IN BELARUS, THE SECRETARY PRAISED THE SHUSHKEVICH GOVERNMENT, WHICH HAS ALREADY FULLY APPROVED THE LISBON AGREEMENTS, JOINED THE NPT AS A NON-NUCLEAR WEAPONS STATE AND HAS A NUNN-LUGAR PROGRAM IN PLACE.

MUCH REMAINS TO BE DONE, HOWEVER, PARTICULARLY ON THE THREE THOUSAND FORMER SOVIET NUCLEAR WARHEADS THAT NEED TO BE ELIMINATED FROM UKRAINE, KAZAKHSTAN, AND BELARUS. THE U.S. IS WORKING ACTIVELY TO FACILITATE AGREEMENTS TO TRANSFER ALL THESE NUCLEAR WARHEADS TO RUSSIA FOR DISMANTLING AND TO PROVIDE COMPENSATION FOR THE HIGHLY-ENRICHED URANIUM IN THEM. THROUGH THE NUNN-LUGAR PROGRAM, WE WILL ASSIST IN THE ELIMINATION OF STRATEGIC OFFENSIVE ARMS IN ALL FOUR STATES. SUCH ASSISTANCE IS ALREADY FLOWING TO RUSSIA AND BELARUS. WE WILL SEEK TO PUT THE NECESSARY AGREEMENTS IN PLACE WITH UKRAINE AND KAZAKHSTAN IN THE COMING WEEKS. TO PREVENT THESE NATIONS FROM BECOMING A SOURCE OF DANGEROUS ARMS AND TECHNOLOGIES, WE ARE WORKING WITH THEM TO ESTABLISH EFFECTIVE EXPORT CONTROL SYSTEMS.

IN BOTH ECONOMIC ASSISTANCE AND DISMANTLEMENT ASSISTANCE, THE U.S. IS NOT ALONE. OUR BILATERAL EFFORTS ARE PART OF A MULTILATERAL PROGRAM OF ASSISTANCE INVOLVING ALL THE G-7 PARTNERS. THE UK, FRANCE, GERMANY, AND JAPAN ALL HAVE PROGRAMS FOR DISMANTLEMENT ASSISTANCE, THE EC HAS A PROGRAM FOR REACTOR SAFETY, AND OUR G-7 PARTNERS HAVE PROMISED SUBSTANTIAL ECONOMIC ASSISTANCE.

OUR ACTIVITIES IN THE NEWLY INDEPENDENT STATES DEMONSTRATE THE MANY DIVERSE ELEMENTS WHICH CONSTITUTE THE CLINTON ADMINISTRATION'S OVERALL NON-PROLIFERATION POLICY. NOW LET ME DESCRIBE OUR OVERALL POLICIES.

NUCLEAR NON-PROLIFERATION

THE SPREAD OF NUCLEAR WEAPONS IS CLEARLY THE GRAVEST PROLIFERATION DANGER WE FACE. THIS ADMINISTRATION REMAINS COMMITTED TO THE GOAL TO STOP THE PROLIFERATION OF NUCLEAR WEAPONS WORLDWIDE. THE NUCLEAR NON-PROLIFERATION TREATY IS THE FOUNDATION OF THIS EFFORT. OUR FOREMOST GOAL IS UNIVERSAL MEMBERSHIP. WE ARE ACTIVELY URGING ALL NPT PARTIES TO JOIN US TO EXTEND THE NPT INDEFINITELY AND UNCONDITIONALLY IN 1995. SO FAR THIS GOAL HAS BEEN ENDORSED BY THE G-7, NATO, AND THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE). WE WELCOME JAPAN'S RECENT DECISION IN SUPPORT. THE SOUTH PACIFIC FORUM INCLUDED AN ENDORSEMENT OF INDEFINITE EXTENSION IN ITS MINISTERIAL COMMUNIQUE. SUPPORT FROM THE DEVELOPING WORLD, WHICH MAKES UP THE LARGEST PART OF THE TREATY'S MEMBERSHIP, IS ALSO BEGINNING TO EMERGE.

WE ARE SEEKING TO ENSURE THAT THE INTERNATIONAL ATOMIC ENERGY AGENCY HAS THE SUPPORT OF THE INTERNATIONAL COMMUNITY AS

WELL AS THE RESOURCES TO IMPLEMENT ITS VITAL SAFEGUARDS RESPONSIBILITIES. THE EXPERIENCE WITH IRAQ WAS AN IMPORTANT LESSON. WE MUST BE PREPARED TO CONFRONT THE THREAT THAT CERTAIN STATES ARE WILLING TO DISREGARD THEIR OBLIGATIONS UNDER THE NPT. TO THAT END, WE ARE WORKING TO STRENGTHEN THE IAEA'S SAFEGUARDS SYSTEM, INCLUDING THE USE OF SPECIAL INSPECTIONS AND ENVIRONMENTAL SAMPLING IN ORDER TO IMPROVE ITS CAPABILITIES TO DETECT CLANDESTINE ACTIVITIES.

THE CLINTON ADMINISTRATION HAS TAKEN TWO CRITICAL INITIATIVES IN SUPPORT OF AN OVERALL NON-PROLIFERATION STRATEGY: A COMPREHENSIVE NUCLEAR TEST BAN TREATY AND A CUT-OFF IN FISSILE MATERIAL FOR NUCLEAR WEAPONS PURPOSES.

PRESIDENT CLINTON IN JULY ANNOUNCED THE EXTENSION OF THE U.S. MORATORIUM ON NUCLEAR TESTING -- AND CALLED ON THE OTHER NUCLEAR POWERS TO DO LIKEWISE. HE DID THIS IN ORDER TO PUT US "IN THE STRONGEST POSSIBLE POSITION TO NEGOTIATE A COMPREHENSIVE TEST BAN, AND TO DISCOURAGE OTHER NATIONS FROM DEVELOPING THEIR OWN NUCLEAR ARSENALS." THE PRESIDENT'S ANNOUNCEMENT IMMEDIATELY RECEIVED BROAD SUPPORT FROM AROUND THE WORLD, AND MOMENTUM TOWARDS A CTB TREATY HAS BEEN GROWING STEADILY.

SINCE JULY, WE HAVE INITIATED BILATERAL CONSULTATIONS WITH A LARGE NUMBER OF COUNTRIES ON CTBT ISSUES. SECRETARY

CHRISTOPHER HAS DISCUSSED CTBT WITH SEVERAL OF HIS COUNTERPARTS. I HAVE MET WITH OFFICIALS OF EACH OF THE OTHER FOUR NUCLEAR POWERS. THESE DISCUSSIONS HAVE REVEALED GENERAL AGREEMENT AMONG THE FIVE ON MANY IMPORTANT QUESTIONS. WE ARE CURRENTLY FOCUSING MUCH OF OUR ATTENTION ON VERIFICATION ISSUES.

ON THE MULTILATERAL FRONT, LAST SUMMER THE CONFERENCE ON DISARMAMENT (CD) REACHED CONSENSUS ON BEGINNING FORMAL NEGOTIATIONS IN GENEVA IN JANUARY 1994. SINCE THEN, WE HAVE MADE GOOD PROGRESS ON DRAFTING A SPECIFIC CD NEGOTIATING MANDATE. IN ADDITION, IN NEW YORK, AT THE GENERAL ASSEMBLY -- FOR THE FIRST TIME -- WE WILL ACHIEVE A CONSENSUS RESOLUTION SUPPORTING TEST BAN NEGOTIATIONS.

WE WILL BE WORKING HARD TO PURSUE OUR NON-PROLIFERATION OBJECTIVES AND MAINTAIN THE MOMENTUM TOWARD A CTBT, DESPITE THE CHINESE TEST LAST MONTH. CHINA DECIDED TO PROCEED NOTWITHSTANDING THE MORATORIUM BEING OBSERVED BY THE OTHER FOUR POWERS. THE UNITED STATES, JOINED BY MANY OTHER COUNTRIES, URGED THE CHINESE NOT TO TEST; WE ARE TRYING TO DISSUADE BEIJING FROM CONDUCTING ANY FURTHER TESTS. IN A SIGNIFICANT DEVELOPMENT, CHINA NOW SAYS PUBLICLY IT IS COMMITTED TO WORK TOWARD A CTBT BY 1996, AND WE INTEND TO PRESS AHEAD TO COMPLETE A CTBT AS SOON AS POSSIBLE.

IN HIS SPEECH TO THE UNITED NATIONS, THE PRESIDENT PROPOSED A CONVENTION PROHIBITING THE PRODUCTION OF HIGHLY-ENRICHED URANIUM OR PLUTONIUM FOR NUCLEAR EXPLOSIVE PURPOSES OR OUTSIDE OF INTERNATIONAL SAFEGUARDS. THIS CONVENTION WILL BE AN IMPORTANT ADDITION TO THE GLOBAL NUCLEAR NON-PROLIFERATION REGIME. ADHERENCE BY THE FIVE NUCLEAR WEAPON STATES TO THIS CONVENTION AND TO THE CTB WOULD BE IMPORTANT STEPS IN MEETING THEIR OBLIGATIONS UNDER THE NPT. AS IMPORTANT TO OUR NON-PROLIFERATION GOALS WOULD BE A COMMITMENT BY NON-NUCLEAR WEAPONS STATES, ESPECIALLY THOSE NOT PARTY TO THE NPT, NOT TO TEST AND TO CAP THE AMOUNT OF FISSIONABLE MATERIAL OUTSIDE OF INTERNATIONAL SAFEGUARDS. WE ARE CONSULTING WITH OUR ALLIES AND OTHERS ON THE MECHANISMS FOR SUCH A CONVENTION AND LOOK FORWARD TO STARTING NEGOTIATIONS SHORTLY.

AS AN INTERIM STEP AND TO PROVIDE WORLD LEADERSHIP IN ASSURING EXCESS FISSIONABLE MATERIAL FROM DISMANTLED WEAPONS WILL NOT BE RECYCLED INTO NEW NUCLEAR WEAPONS, THE UNITED STATES WILL MAKE STOCKS OF FISSIONABLE MATERIAL EXCESS TO ITS DEFENSE REQUIREMENTS SUBJECT TO OUR VOLUNTARY SAFEGUARDS AGREEMENT WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY. BEFORE THIS MEASURE IS IMPLEMENTED, HOWEVER, WE WILL CAREFULLY STUDY WHAT APPROACHES SHOULD BE USED TO ENSURE THAT SAFEGUARDS DO NOT REVEAL CLASSIFIED NUCLEAR WEAPONS-RELATED INFORMATION. THE U.S. WILL

ALSO CONTINUE TO WORK WITH ITS PARTNERS IN THE NUCLEAR SUPPLIERS GROUP AND THE NPT EXPORTERS COMMITTEE TO ENSURE THAT NUCLEAR RELATED EXPORTS ARE SUBJECT TO STRINGENT CONTROLS.

MEASURES TO STRENGTHEN THE GLOBAL NUCLEAR NON-PROLIFERATION REGIME ARE VITAL. BUT THEY MUST BE SUPPLEMENTED BY COUNTRY-SPECIFIC APPROACHES TO DEAL WITH THE MOST DIFFICULT CASES.

PRESIDENT CLINTON MADE CLEAR THAT NORTH KOREA CANNOT BE ALLOWED TO DEVELOP A NUCLEAR BOMB. WE ARE THUS WORKING CLOSELY WITH THE IAEA, JAPAN AND SOUTH KOREA, AND OTHER INTERESTED PARTIES TO BRING NORTH KOREA INTO COMPLIANCE WITH ALL OF ITS INTERNATIONAL OBLIGATIONS. THIS IS NOT AN EASY PROCESS, BUT WE REMAIN COMMITTED TO OUR GOAL OF HAVING NORTH KOREA COMPLY WITH ITS SAFEGUARDS OBLIGATIONS UNDER THE NPT, AND IMPLEMENT THE NORTH-SOUTH DENUCLEARIZATION DECLARATION. RECENT NORTH KOREAN BEHAVIOR HAS BEEN DISAPPOINTING, ESPECIALLY ITS REJECTION OF THE IAEA'S INSPECTION REQUESTS. THE U.S. HAS MADE CLEAR ITS READINESS TO ADDRESS LEGITIMATE NORTH KOREAN CONCERNs. BUT UNLESS THE DPRK TAKES THE NECESSARY STEPS TO PERSUADE THE WORLD COMMUNITY THAT IT IS NOT PURSUING A NUCLEAR WEAPONS OPTION, WE WILL HAVE NO CHOICE BUT TO TERMINATE THE BILATERAL U.S.-DPRK DIALOGUE AND PURSUE FURTHER STEPS IN THE U.N. SECURITY COUNCIL.

WITH IRAQ, WE ARE CONTINUING OUR COOPERATION WITH THE UN SPECIAL COMMISSION TO PREVENT A RECONSTITUTION OF IRAQ'S ABILITY TO CONSTRUCT WEAPONS OF MASS DESTRUCTION (WMD). SOME PROGRESS HAS BEEN MADE RECENTLY; FOR EXAMPLE, IRAQ DISCLOSED SOME DATA ON ITS PRODUCTION INFRASTRUCTURE. HOWEVER, IRAQ'S OBSTRUCTIONIST BEHAVIOR UNDERSCORES IT'S EXTREME RELUCTANCE TO COMPLY FULLY WITH THE UN SECURITY COUNCIL RESOLUTIONS. SPECIFICALLY, LONG-TERM MONITORING AND VERIFICATION MUST BE IMPLEMENTED OVER A PERIOD OF TIME BEFORE AN ACCURATE ASSESSMENT OF COMPLIANCE CAN BE MADE. WE WILL NOT ACCEPT IRAQ'S POSITION THAT IT WILL ACCEDE TO LONG-TERM MONITORING ONLY AFTER THE SECURITY COUNCIL AGREES TO RECOMMEND LIFTING SANCTIONS.

THE ADMINISTRATION IS ALSO VERY CONCERNED ABOUT IRAN'S BEHAVIOR. IRAN'S ACTIONS LEAVE LITTLE DOUBT THAT TEHRAN IS INTENT UPON DEVELOPING A NUCLEAR WEAPONS CAPABILITY; THEY ARE INCONSISTENT WITH ANY RATIONAL CIVIL NUCLEAR ENERGY PROGRAM. FORTUNATELY, THE IRANIAN NUCLEAR PROGRAM IS STILL IN ITS INFANCY AND IS DEPENDENT UPON FOREIGN ASSISTANCE. WE ARE WORKING VIGOROUSLY TO CAUTION SUPPLIERS AGAINST COMMERCE WITH IRAN IN SENSITIVE NUCLEAR OR DUAL-USE TECHNOLOGIES. TO THAT END, THE SECRETARY HAS BEEN PERSONALLY ENGAGED IN A DIPLOMATIC EFFORT WITH OUR ALLIES IN EUROPE AND ASIA TO DEVELOP AN INTERNATIONAL CONSENSUS TO DENY IRAN THE ESSENTIAL TECHNOLOGIES AND COMPONENTS OF A NUCLEAR WEAPONS PROGRAM.

CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION

WE ARE MAKING PROGRESS, THROUGH MULTILATERAL FORA LIKE THE AUSTRALIA GROUP, IN TIGHTENING EXPORT CONTROLS TO PREVENT THE SPREAD OF THE MATERIALS NECESSARY TO PRODUCE CHEMICAL AND BIOLOGICAL WEAPONS. WE ARE WORKING HARD TO PROMOTE THE WIDEST POSSIBLE ADHERENCE TO THE CHEMICAL WEAPONS AND BIOLOGICAL WEAPONS CONVENTIONS. THE U.S. IS NOW ENGAGED IN PREPARATORY WORK AT THE HAGUE TO FACILITATE AN EARLY ENTRY INTO FORCE OF THE CHEMICAL WEAPONS CONVENTION (CWC) IN JANUARY 1995. AS THE PRESIDENT SAID AT THE UN, WE CALL UPON ALL NATIONS, INCLUDING OUR OWN, TO RATIFY THE CWC QUICKLY. TO STRENGTHEN THE BIOLOGICAL WEAPONS CONVENTION (BWC), WE ARE PARTING COMPANY WITH THE PREVIOUS ADMINISTRATION AND PROMOTING NEW MEASURES DESIGNED TO INCREASE TRANSPARENCY OF ACTIVITIES AND FACILITIES THAT COULD HAVE BIOLOGICAL WEAPONS APPLICATIONS, THEREBY INCREASING CONFIDENCE IN COMPLIANCE WITH THE CONVENTION.

MISSILE PROLIFERATION

THE USE OF SCUD MISSILES BY IRAQ DURING THE GULF WAR IMPRESSED ON THE WORLD THE DANGERS OF BALLISTIC MISSILE PROLIFERATION. IMAGINE THE CONSEQUENCES IF THE SCUDS HAD

CARRIED WEAPONS OF MASS DESTRUCTION. THE MULTILATERAL MISSILE TECHNOLOGY CONTROL REGIME (MTCR) WILL CONTINUE TO BE THE PRIMARY TOOL OF UNITED STATES MISSILE NON-PROLIFERATION POLICY. IT WORKS AND HAS ENJOYED SEVERAL SUCCESSES SINCE ITS CREATION IN 1987. WE NOW WANT TO MOVE THE REGIME INTO THE FUTURE, BEYOND A GROUP OF RESPONSIBLE SUPPLIERS THAT SEEKS TO ENSURE THAT ITS OWN INDUSTRIES DO NOT INADVERTENTLY CONTRIBUTE TO MISSILE PROLIFERATION, TO A GROUP THAT WORKS ACTIVELY TOGETHER TO DEAL WITH THE MISSILE PROLIFERATION PROBLEM WORLDWIDE. IN OTHER WORDS, WE WANT TO PROMOTE THE MTCR GUIDELINES AS A GLOBAL MISSILE NON-PROLIFERATION NORM, ENGAGING OUR PARTNERS IN A COOPERATIVE EFFORT TO ENCOURAGE RESPONSIBLE BEHAVIOR BY NON-MEMBER STATES, WHETHER SUPPLIERS OR RECIPIENTS OF MISSILE TECHNOLOGY.

THE ADMINISTRATION HAS DEMONSTRATED A WILLINGNESS TO APPLY BOTH CARROTS AND STICKS IN THE FIGHT AGAINST MISSILE PROLIFERATION. BESIDE OUR SUCCESSFUL NEGOTIATION WITH RUSSIA, WE HAVE GAINED SOUTH AFRICA'S AGREEMENT TO ABANDON A SPACE LAUNCH VEHICLE PROGRAM. WE ARE PURSUING A POLICY OF PREVENTIVE DIPLOMACY IN SOUTH ASIA THAT SEEKS TO PERSUADE INDIA AND PAKISTAN TO FORGO A BALLISTIC MISSILE ARMS RACE THAT -- COMBINED WITH THE REGION'S NUCLEAR WEAPONS CAPABILITIES -- WOULD ONLY DESTABILIZE AN ALREADY FRAGILE SECURITY SITUATION THERE. AND OUR DECISION TO IMPOSE SANCTIONS AGAINST CHINA AND

PAKISTAN FOR THE TRANSFER OF M-11 RELATED TECHNOLOGY DEMONSTRATES THAT WE'RE PREPARED TO PURSUE OUR NON-PROLIFERATION GOALS VIGOROUSLY EVEN WHEN SUCH EFFORTS MAY RISK FRICTIONS IN CRITICAL BILATERAL RELATIONSHIPS.

STRATEGIC TRADE

WE HAVE INITIATED A THOROUGH REVIEW, ALONG WITH OUR COCOM PARTNERS, ON HOW TO REORIENT EXPORT CONTROLS IN THE POST-COLD WAR WORLD. THIS INITIATIVE FLOWS FROM THE PRESIDENT'S DISCUSSIONS IN VANCOUVER AND TOKYO ON OUR PARTNERSHIP WITH RUSSIA IN COMBATTING PROLIFERATION. THERE IS GENERAL AGREEMENT THAT COCOM CONTROLS ON TRADE WITH RUSSIA AND OTHER STATES OF THE FORMER WARSAW PACT SHOULD BE PHASED OUT AND A PARTNERSHIP OFFERED TO RUSSIA AND OTHER NEWLY INDEPENDENT STATES IN A NEW REGIME. THE PARTNERSHIP WILL BE BASED ON CLEARLY DEFINED CRITERIA CONCERNING ADHERENCE TO EXPORT CONTROLS AND NON-PROLIFERATION NORMS. WE AND OUR ALLIES ARE DISCUSSING NOW HOW BEST TO STRUCTURE A NEW REGIME IN PARTNERSHIP WITH RUSSIA AND THE OTHER NEWLY INDEPENDENT STATES TO ENHANCE TRANSPARENCY AND COORDINATION OF CONTROLS ON EXPORTS OF ARMS AND SENSITIVE DUAL-USE AND MILITARY TECHNOLOGIES. THIS PROPOSAL INCLUDES:

-- A MULTILATERAL APPROACH, FOR WE CANNOT BE FULLY SUCCESSFUL WITHOUT SUPPORT FROM OTHER SUPPLIERS OF SENSITIVE GOODS,

NOR CAN WE BE FAIR TO AMERICAN EXPORTERS IF OTHERS SEEK TO UNDERCUT OUR RESTRAINT. NEVERTHELESS, WE WILL CONTINUE TO ACT UNILATERALLY WHERE NECESSARY. OUR APPROACH SEEKS TO INCLUDE RUSSIA, OTHER NEWLY INDEPENDENT STATES, AND CHINA, IN A REGIME COVERING ALL WHO CARRY OUT SUCH TRADE.

- A FOCUS ON NEW DANGERS IN THE MIDDLE EAST, SOUTH ASIA, AND ELSEWHERE WHERE THE DANGERS ARE GREATEST, PARTICULARLY IN IRAN, IRAQ, LIBYA, AND NORTH KOREA.
- A LIBERALIZED ENVIRONMENT IN SECTORS WHERE APPROPRIATE -- SUCH AS COMPUTERS. WE HAVE TAKEN STEPS ALREADY IN THIS RESPECT, SUCH AS THE SEPTEMBER 29 ANNOUNCEMENT THAT PROPOSED RAISING COMPUTER AND SUPERCOMPUTER LIMITS FOR MOST DESTINATIONS.
- IMPROVEMENTS IN THE EXPORT REGIMES OF THE NEWLY INDEPENDENT STATES, THROUGH TRAINING AND OTHER ACTIVITIES.
- COMMITMENTS TO AGREED PROCEDURES AND POLICIES FOR BOTH DUAL-USE ITEMS AND ARMS EXPORTS.

THE RESPONSE FROM OUR ALLIES TO THE U.S. PROPOSAL HAS BEEN GENERALLY FAVORABLE, BUT THERE IS MUCH WORK AND NEGOTIATION TO BE DONE BEFORE THE PROCESS IS COMPLETE AND A SUCCESSOR TO COCOM

AGREED UPON. THIS PROCESS WILL MOVE FORWARD IN THE WEEKS AHEAD AND INTO THE FIRST PART OF 1994. WE WILL CONTINUE TO KEEP CONGRESS INFORMED AS TO THE STATUS OF THIS EFFORT.

NON-PROLIFERATION: A NEW WAY OF THINKING

IN THE NEW INTERNATIONAL SECURITY ENVIRONMENT, ACHIEVING OUR NON-PROLIFERATION OBJECTIVES REQUIRES A NEW WAY OF THINKING ABOUT SECURITY AND THE TOOLS FOR ACCOMPLISHING OUR GOALS. WE APPRECIATE THE COMPLEX NATURE OF THE TASK FOR PROMOTING NON-PROLIFERATION: IT IS NOT SIMPLY STOPPING THE FLOW OF TECHNOLOGIES, WEAPONS OR HARDWARE. RATHER, IT DEALS WITH THE TOUGH AND INTER-RELATED ISSUES OF SECURITY, ECONOMICS, JOBS AND TRADE. IT ALSO CUTS TO THE FUNDAMENTAL PREROGATIVE OF STATES: THEIR SOVEREIGNTY.

NON-PROLIFERATION REQUIRES GLOBAL ENGAGEMENT. WE INHERIT INTERNATIONAL INSTITUTIONS AND AGREEMENTS, AND WE WILL CONTINUE TO RELY UPON THEM. HOWEVER, SUCCESS WILL REQUIRE NOT ONLY A GLOBAL APPROACH, BUT ALSO REGIONAL STRATEGIES TAILORED TO THE SPECIFIC SECURITY CONCERN OF INDIVIDUAL COUNTRIES. FOR EXAMPLE, TO FACILITATE ELIMINATION OF NUCLEAR WEAPONS FROM UKRAINE, KAZAKHSTAN AND BELARUS WE ARE PREPARED TO OFFER THEM SECURITY ASSURANCES ONCE THEY BECOME NON-NUCLEAR WEAPONS STATE PARTIES TO THE NPT. SIMILARLY, THE RECENT HISTORIC

BREAKTHROUGHS IN THE PEACE PROCESS HAVE CREATED NEW POSSIBILITIES FOR ARMS CONTROL IN THE MIDDLE EAST. WE ARE USING THE ARMS CONTROLS AND REGIONAL SECURITY WORKING GROUP TO PROMOTE CONFIDENCE-BUILDING MEASURES THAT WILL LAY THE GROUND WORK FOR MORE AMBITIOUS STEPS, ONCE A COMPREHENSIVE SETTLEMENT HAS BEEN ACHIEVED.

DIPLOMACY, BACKED UP BY AMERICAN POWER, INFLUENCE, PRESTIGE AND MILITARY CAPABILITIES, REPRESENTS OUR PRIMARY TOOL IN ATTAINING OUR NON-PROLIFERATION GOALS. AT THE SAME TIME, WE WILL ENSURE THAT U.S. AND ALLIED FORCES ARE PREPARED TO COPE WITH POSSIBLE THREATS IF OUR NON-PROLIFERATION EFFORTS FAIL.

SUCCESS WILL REQUIRE AMERICAN LEADERSHIP. THE U.S. STANDS UNIQUELY POISED IN ITS RELATIONS WITH OTHER COUNTRIES TO PROMOTE NON-PROLIFERATION. WE SEEK TO MAKE COOPERATION ON NON-PROLIFERATION GOALS AN INTEGRAL PART OF OUR SECURITY ALLIANCES AS THEY TRANSFORM TO MEET THE NEW WORLD'S CHALLENGES. NON-PROLIFERATION IS CENTRAL TO BUILDING OUR NEW STRATEGIC PARTNERSHIPS WITH THE NIS. WE HAVE LINKED OUR COOPERATION IN SPACE TO ADHERENCE TO THE MTCR BY RUSSIA, CHINA AND INDIA. NON-PROLIFERATION IS IN THE SECURITY INTERESTS OF NATIONS ALL AROUND THE WORLD.

IN SUPPORT OF NON-PROLIFERATION GOALS, WE ARE PREPARED TO PROVIDE MODEST ASSISTANCE TO OTHER COUNTRIES. IN PARTICULAR, ASSISTANCE IN EXPORT CONTROL AND ARMS CONTROL VERIFICATION TECHNIQUES CAN GREATLY REDUCE THREATS TO U.S. SECURITY INTERESTS THROUGH SMUGGLING OR THROUGH REGIONAL MISCALCULATIONS. THESE ASSISTANCE EFFORTS ARE A SMALL PRICE TO PAY TO PREVENT THE LARGER DANGERS, AND FAR LESS EXPENSIVE THAN EXPANDING MILITARY FORCES OR DEFENSIVE MILITARY SYSTEMS. WHILE AMERICA MUST LEAD, WE ALSO RECOGNIZE THAT WE CANNOT SHOULDER ALL NON-PROLIFERATION RESPONSIBILITIES ALONE. WE WILL REQUIRE THE HELP OF OTHERS TO SUCCEED, FIRST IN CONTROLLING TRADE IN DANGEROUS ARMS AND TECHNOLOGIES WHICH IS AVAILABLE AROUND THE WORLD. OUR EXISTING ALLIANCES ARE ALSO IMPORTANT TO CREATING THE REGIONAL STABILITY NECESSARY TO REDUCE MOTIVATIONS FOR PROLIFERATION. WE WILL ALSO NEED TO FORGE NEW COALITIONS IN MEETING THESE CHALLENGES.

IN PARTICULARLY DIFFICULT CASES WE MAY FACE RELUCTANCE BOTH AT HOME AND ABROAD TO FACE UP TO THE THREAT POSED BY PROLIFERANT COUNTRIES. WE ACCEPT THIS CHALLENGE, GIVEN THE POTENTIAL THREATS TO AMERICAN SECURITY.

FINALLY MR. CHAIRMAN, LET ME CLOSE ON THE NEED FOR OUR WORKING TOGETHER. WE NEED THE HELP OF CONGRESS, SO THAT WHEN

THE ADMINISTRATION SEEKS THESE BROAD NON-PROLIFERATION GOALS, WE WILL HAVE YOUR SUPPORT. I BELIEVE STRONGLY THAT ONE OF THE REASONS THAT U.S. NON-PROLIFERATION GOALS HAVE ENJOYED STRONG BIPARTISAN SUPPORT IS BECAUSE OF A CLOSE WORKING RELATIONSHIP BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES. LET ME ASK FOR YOUR HELP, SO THAT THOSE WHO UNDERTAKE DANGEROUS ACTIVITIES WILL KNOW THAT THE U.S. AS A WHOLE WILL RESPOND. I LOOK FORWARD TO WORKING TOGETHER, FOR NON-PROLIFERATION, WHICH I KNOW ENJOYS SUPPORT ON BOTH SIDES OF THE AISLE.

THANK YOU.

PREPARED STATEMENT OF NORMAN A. WULF, ACTING ASSISTANT
FOR NONPROLIFERATION AND REGIONAL ARMS CONTROL, U.S.
ARMS CONTROL AND DISARMAMENT AGENCY

INTRODUCTION

LAST MONTH, WHEN PRESIDENT CLINTON ANNOUNCED THE NOMINATION OF JOHN HOLUM TO BE THE DIRECTOR OF THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY (ACDA), HE STATED THAT, "MY ADMINISTRATION HAS PLACED THE HIGHEST IMPORTANCE ON ARMS CONTROL AND COMBATTING THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION. . . WE MUST PURSUE A BOLD STRATEGY TO ADDRESS THE GROWING DANGERS OF PROLIFERATION, INCLUDING NEGOTIATING A COMPREHENSIVE BAN ON TESTING NUCLEAR WEAPONS. IN THE WRONG HANDS, WEAPONS OF MASS DESTRUCTION AND MISSILES THAT DELIVER THEM THREATEN THE SECURITY OF US ALL." HE WENT ON TO SAY THAT, "A REVITALIZED ARMS CONTROL AND DISARMAMENT AGENCY WILL PLAY AN IMPORTANT ROLE IN ACHIEVING ARMS CONTROL AGREEMENTS AND FIGHTING WEAPONS PROLIFERATION."

IN THE WAKE OF THE END OF THE COLD WAR, THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION AND THEIR MISSILE DELIVERY SYSTEMS IS RECEIVING THE PRIORITY ATTENTION THAT WAS ONCE RESERVED FOR THE SUPERPOWERS' NUCLEAR COMPETITION. WE ARE FACED DAILY WITH NEW PROBLEMS -- FOR EXAMPLE THOSE RAISED BY NORTH KOREA IN MEETING ITS NPT OBLIGATIONS AND BY INTERNATIONAL EFFORTS TO ENSURE THAT IRAQ DOES NOT AGAIN PURSUE A NUCLEAR WEAPON PROGRAM. THE GLOBAL NONPROLIFERATION ENVIRONMENT HAS CHANGED SIGNIFICANTLY, IN BOTH POSITIVE AND NEGATIVE WAYS AS REFLECTED BY THE HIGH PRIORITY PLACED ON NONPROLIFERATION BY PRESIDENT CLINTON IN HIS SPEECH TO THE UNITED NATIONS.

ACDA HAS PLAYED AND WILL CONTINUE TO PLAY AN IMPORTANT ROLE IN SUPPORTING THE PRESIDENT'S ARMS CONTROL AND NONPROLIFERATION AGENDA. ACDA HAS LONG HAD A BUREAU DEVOTED ALMOST EXCLUSIVELY TO NONPROLIFERATION ISSUES. IN RECOGNITION OF THE IMPORTANCE THAT MUST BE ATTACHED TO REGIONAL SOLUTIONS TO THE PROBLEM OF PROLIFERATION, AN IMPORTANCE HEIGHTENED BY THE END OF THE COLD WAR, ACDA HAS RECENTLY DECIDED TO ORGANIZE ALMOST ALL OF ITS NONPROLIFERATION AND REGIONAL ARMS CONTROL ACTIVITIES INTO A SINGLE BUREAU. WE WILL WORK VIGOROUSLY TO SUPPORT FULL IMPLEMENTATION OF MULTILATERAL AGREEMENTS THAT PROMOTE OUR NONPROLIFERATION OBJECTIVES -- FOR EXAMPLE EXISTING AGREEMENTS SUCH AS THE NPT AND THE TREATY OF TLATELOLCO -- AND NEW AGREEMENTS PROPOSED BY THE PRESIDENT SUCH AS A COMPREHENSIVE TEST BAN AND AN INTERNATIONALLY AND EFFECTIVELY VERIFIED AGREEMENT BANNING THE PRODUCTION OF FISSIONABLE MATERIALS FOR NUCLEAR WEAPONS OR OTHER NUCLEAR EXPLOSIVE DEVICES -- A SO-CALLED CUT-OFF AGREEMENT.

THE ADMINISTRATION SUPPORTS A STRONG SYSTEM OF EXPORT CONTROLS DESIGNED TO STEM THE FLOW OF MATERIALS, EQUIPMENT AND TECHNOLOGY THAT COULD SUPPORT WEAPONS OF MASS DESTRUCTION (WMD) OR MISSILE PROGRAMS. WE HAVE DEVOTED CONSIDERABLE EFFORT TO STRENGTHENING THE NUCLEAR SUPPLIERS GROUP, THE ZANGGER COMMITTEE, THE MTCR, AND THE AUSTRALIA GROUP. WE WILL CONTINUE TO DO SO.

THIS ADMINISTRATION ALSO WILL SUPPORT EFFORTS TO ENSURE THAT REGIONAL NONPROLIFERATION APPROACHES RECEIVE ADEQUATE ATTENTION AND THAT THE FULL BENEFITS OF THE EXPERIENCE THAT THE U.S. HAS OBTAINED IN THE AREA OF ARMS CONTROL AND VERIFICATION IS MADE AVAILABLE TO STATES THAT WOULD BENEFIT FROM IT. IN SOUTH ASIA, THE MIDDLE EAST, AND THE KOREAN PENINSULA, WE ARE PROMOTING EFFECTIVE ARRANGEMENTS THAT COULD CAP, ROLL BACK, AND FINALLY ELIMINATE WEAPONS OF MASS DESTRUCTION AND THEIR MISSILE DELIVERY SYSTEMS. I BELIEVE THAT THE EXPERIENCE THAT WE HAVE WITHIN ACDA WILL CONTINUE TO PLAY AN IMPORTANT ROLE IN PURSUING THESE OBJECTIVES.

I WOULD LIKE TO TURN NOW TO ONE IMPORTANT NONPROLIFERATION TOPIC WHERE ACDA HAS PLAYED THE LEAD ROLE WITHIN THE EXECUTIVE BRANCH -- NAMELY THE EXTENSION OF THE NUCLEAR NON-PROLIFERATION TREATY (NPT). THE NPT IS THE CORNERSTONE OF THE NUCLEAR NONPROLIFERATION REGIME. IN 1995, THE PARTIES TO THAT TREATY WILL HOLD A CONFERENCE IN NEW YORK TO DECIDE WHETHER THE NPT SHOULD CONTINUE IN FORCE INDEFINITELY, OR BE EXTENDED FOR AN ADDITIONAL FIXED PERIOD OR PERIODS. BY THE TERMS OF THE TREATY, THIS DECISION MAY BE TAKEN BY A MAJORITY OF ITS PARTIES.

THE 1995 NPT CONFERENCE IS A UNIQUE AND UNPRECEDENTED EVENT. NO OTHER MULTILATERAL ARMS CONTROL TREATY CONTAINS A PROVISION TO LEAVE ITS FURTHER DURATION TO A DECISION SOME TIME IN THE FUTURE. NEW RULES MUST BE FORGED TO GOVERN THE CONFERENCE AND THE DECISION-MAKING ON EXTENSION.

THE 1995 CONFERENCE ALSO WILL REVIEW THE NPT, AS THE PARTIES HAVE DONE EVERY FIVE YEARS SINCE THE TREATY FIRST ENTERED INTO FORCE IN 1970. THIS WILL BE THE FIRST SUCH REVIEW, HOWEVER, SINCE IRAQ'S VIOLATIONS OF ITS NPT COMMITMENTS WERE REVEALED AND THE FIRST CONFERENCE TO TAKE PLACE IN THE WAKE OF THE EFFORT BY NORTH KOREA TO WITHDRAW FROM THE TREATY. THE CONFERENCE ALSO MAY SEEK TO ADDRESS THE UNPRECEDENTED PROLIFERATION IMPLICATIONS OF THE DISSOLUTION OF THE FORMER SOVIET UNION.

U.S. OBJECTIVES FOR THE 1995 NPT CONFERENCE

THE PRESIDENT RECENTLY HAS AFFIRMED THAT THE UNITED STATES WILL MAKE EVERY EFFORT TO SECURE THE INDEFINITE EXTENSION OF THE NPT IN 1995. THIS IS THE OUTCOME THE U.S. SOUGHT IN THE NEGOTIATIONS ON THE NPT IN 1968, AND THAT POSITION HAS NEVER CHANGED. THE PRESIDENT ALSO HAS AFFIRMED THAT THE UNITED STATES WILL SEEK TO ENSURE THAT THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) HAS THE RESOURCES NEEDED TO IMPLEMENT ITS SAFEGUARDS RESPONSIBILITIES AND WILL WORK TO STRENGTHEN THE IAEA'S ABILITY TO DETECT CLANDESTINE NUCLEAR ACTIVITIES. THESE EFFORTS, IN TURN, WILL STRENGTHEN IMPLEMENTATION OF, AND SHOULD CONTRIBUTE TO ENHANCED COMPLIANCE WITH, THE NPT WHICH RELIES ON THE IAEA'S SAFEGUARDS TO VERIFY THE PARTIES' COMPLIANCE WITH ITS UNDERTAKINGS.

THE INDEFINITE EXTENSION OF THE NPT IS, WE BELIEVE, THE BEST WAY TO ENSURE THAT THE BENEFITS THE NPT PROVIDES --

ENHANCING REGIONAL AND INTERNATIONAL SECURITY AND STABILITY, SUPPORTING ONGOING EFFORTS IN THE ARMS CONTROL AREA, AND PROMOTING THE DEVELOPMENT OF NUCLEAR TECHNOLOGY FOR PEACEFUL PURPOSES -- WILL REMAIN AVAILABLE. INDEFINITE EXTENSION OF THE NPT ALSO WILL CONTRIBUTE TO A SECURITY ENVIRONMENT THAT WILL DEPRIVE OTHER STATES OF THE ARGUMENT THAT THEY NEED TO DEVELOP NUCLEAR WEAPONS TO COPE WITH AN UNCERTAIN FUTURE. FINALLY, INDEFINITE EXTENSION MEANS THAT NUCLEAR NONPROLIFERATION IS AN ENDURING VALUE, NOT SUBJECT TO SOME FINITE LIMIT.

THE EXTENSION DECISION -- PROSPECTS

THE PROSPECTS FOR EXTENDING THE NPT ARE EXCELLENT. THERE IS VIRTUAL UNANIMITY AMONG THE PARTIES THAT THE TREATY SHOULD BE EXTENDED. WHAT IS AT ISSUE, HOWEVER, IS THE LENGTH OF THE EXTENSION PERIOD THAT THE PARTIES WILL SUPPORT. THE NPT PROVIDES FOR THREE CHOICES--INDEFINITE EXTENSION; EXTENSION FOR AN ADDITIONAL FIXED PERIOD; OR EXTENSION FOR ADDITIONAL FIXED PERIODS. OF THESE THREE CHOICES, INDEFINITE EXTENSION IS CLEARLY THE BEST, AND THIS IS THE OBJECTIVE OF THE U.S. IT IS THE ONLY ONE OF THE CHOICES THAT CLEARLY AND UNAMBIGUOUSLY PROVIDES FOR AN ENDURING NONPROLIFERATION TREATY THAT CAN SERVE AS THE FOUNDATION OF AN EFFECTIVE GLOBAL NONPROLIFERATION REGIME.

INTERNATIONAL SUPPORT FOR INDEFINITE EXTENSION IS GROWING. IN ADDITION TO STATEMENTS BY THE G-7 COUNTRIES, THE EUROPEAN COMMUNITY, AND NATO, THE 58 MEMBERS OF THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE) IN 1992, AND THE SOUTH

PACIFIC FORUM IN AUGUST 1993 HAVE ENDORSED INDEFINITE NPT EXTENSION IN MINISTERIAL LEVEL COMMUNIQUES. SUPPORT AMONG THE NONALIGNED COUNTRIES, WHICH MAKE UP THE BULK OF THE TREATY'S MEMBERSHIP IS EMERGING SLOWLY, BUT IT IS EMERGING. A NUMBER OF DEVELOPING COUNTRIES HAVE MADE CLEAR THAT THEY DO NOT RULE OUT INDEFINITE EXTENSION, BUT ARE WATCHING CLOSELY THE ACTIONS OF THE U.S. AND OTHER NUCLEAR WEAPON STATES IN OTHER AREAS BEFORE COMMITTING THEMSELVES. THE CONTINUATION OF THE NUCLEAR TESTING MORATORIUM AND SUBSTANTIAL PROGRESS ON A COMPREHENSIVE NUCLEAR TEST BAN TREATY BY 1995 ARE MOST IMPORTANT TO THE VAST MAJORITY OF THESE STATES.

NONPROLIFERATION ACHIEVEMENTS

THERE ARE A NUMBER OF POSITIVE DEVELOPMENTS IN THE NONPROLIFERATION AREA THAT WILL STRENGTHEN THE HAND OF THOSE WHO SUPPORT INDEFINITE EXTENSION.

FIRST, THE MEMBERSHIP OF THE NPT CONTINUES TO GROW AS MORE AND MORE STATES RECOGNIZE THE BENEFITS OF BEING IN, RATHER THAN OUTSIDE OF, THE REGIME. SOUTH AFRICA'S DECISION TO ROLL BACK ITS NUCLEAR WEAPONS PROGRAM AND JOIN THE NPT IS ONE OF THE MORE DRAMATIC EXAMPLES. WITH THE ACCESSIONS OF GUYANA AND MAURITANIA THIS MONTH, THERE ARE NOW 161 STATES PARTY TO THE NPT, AND SUPPORT FOR THE NORM OF NONPROLIFERATION ALSO CONTINUES TO GROW.

ONCE CONSIDERED TO BE PROLIFERATION THREATS THEMSELVES, ARGENTINA AND BRAZIL HAVE TAKEN DRAMATIC STEPS TO REDUCE MUTUAL

SUSPICION ABOUT THEIR NUCLEAR PROGRAMS AND ARE MOVING TOWARD FULL ADHERENCE TO THE TREATY OF TLATELOLCO (THE LATIN AMERICAN NUCLEAR WEAPON FREE ZONE TREATY) AND THE APPLICATION OF FULL-SCOPE IAEA SAFEGUARDS TO ALL OF THEIR NUCLEAR ACTIVITIES. WE REMAIN HOPEFUL THAT THEY WILL SERIOUSLY CONSIDER ACCEDING TO THE NPT ONCE THEY HAVE COMPLETED ACTION ON TLATELOLCO.

REVELATIONS ABOUT IRAQ'S CLANDESTINE NUCLEAR WEAPONS PROGRAM GALVANIZED THE INTERNATIONAL COMMUNITY INTO ACTION TO STRENGTHEN THE IAEA SAFEGUARDS SYSTEM. INTEREST IN SPECIAL INSPECTIONS, UNTIL RECENTLY AN UNEXPLOITED PROVISION IN STANDARD NPT SAFEGUARDS AGREEMENTS, WAS REVIVED AS STATES SEARCHED FOR WAYS TO HEAD OFF FUTURE VIOLATIONS. THE NUCLEAR SUPPLIER COUNTRIES, AT U.S. INITIATIVE, TOOK STEPS TO TIGHTEN CONTROLS ON THE EXPORT OF NUCLEAR DUAL-USE EQUIPMENT AND TECHNOLOGY WHEN IT BECAME APPARENT THAT IRAQ'S NUCLEAR PROGRAM OWED A GREAT DEAL TO LEGALLY AND ILLEGALLY PROCURED DUAL-USE COMMODITIES.

FINALLY, BUT TO MANY NPT PARTIES, MOST IMPORTANTLY, THERE IS THE END OF THE COLD WAR, AND WITH ITS DEMISE A DRAMATIC SURGE OF ACTIVITY IN NUCLEAR ARMS CONTROL BETWEEN THE U.S. AND RUSSIA. IN ADDITION TO THE INF AGREEMENT AND START I AND II, THE U.S. HAS DECIDED TO NEGOTIATE A COMPREHENSIVE NUCLEAR TEST BAN TREATY (CTBT), VIEWED BY MANY NON-NUCLEAR WEAPON STATES AS THE SINGLE MOST IMPORTANT NUCLEAR ARMS CONTROL MEASURE THAT COULD BE PURSUED BY THE NUCLEAR WEAPON STATES TO MEET THEIR ARMS CONTROL OBLIGATIONS UNDER THE NPT.

LAST JULY, AFTER A CAREFUL REVIEW, PRESIDENT CLINTON DECIDED TO EXTEND THE U.S. MORATORIUM ON NUCLEAR TESTING AT LEAST THROUGH SEPTEMBER OF 1994, AND HE URGED THE OTHER NUCLEAR POWERS TO DO THE SAME. HE DECIDED THAT THE BENEFITS OF FURTHER TESTS WOULD BE OUTWEIGHED BY THE COSTS, SPECIFICALLY UNDERCUTTING OUR OWN NONPROLIFERATION GOALS. ALTHOUGH WE THINK THAT NPT EXTENSION SHOULD NOT BE LINKED TO ANY OTHER CONSIDERATION, WE RECOGNIZE THAT MANY OTHER NPT PARTIES BELIEVE THAT NEGOTIATING A NUCLEAR TEST BAN SHOULD BE A REQUIREMENT FOR A LONG-TERM EXTENSION OF THE TREATY.

IN SPITE OF BEST INTENTIONS AND EFFORTS, NEGOTIATION OF A NUCLEAR TEST BAN TREATY MAY PROVE TIME-CONSUMING AND MAY NOT BE CONCLUDED BY EARLY 1995. HENCE, WE BELIEVE A GLOBAL MORATORIUM ON TESTING IS VERY IMPORTANT FOR OBTAINING MAJORITY SUPPORT FOR LONG-TERM EXTENSION OF THE NPT. ACCORDINGLY THE UNITED STATES IS URGING ALL NUCLEAR WEAPON STATES TO REFRAIN FROM NUCLEAR TESTING. THIS WOULD PUT US IN THE BEST POSITION TO MAINTAIN THE NPT AND STRENGTHEN THE GLOBAL NONPROLIFERATION REGIME.

THE ADMINISTRATION'S RECENT PROPOSAL TO NEGOTIATE AN INTERNATIONALLY AND EFFECTIVELY VERIFIABLE MULTILATERAL CONVENTION BANNING THE PRODUCTION OF FISSIONABLE MATERIALS FOR NUCLEAR WEAPONS OR OTHER NUCLEAR EXPLOSIVE DEVICES IS ANOTHER SIGNIFICANT DEVELOPMENT WHICH RESPONDS TO A LONG-HELD DESIRE OF THE INTERNATIONAL COMMUNITY FOR SUCH AN AGREEMENT.

CHALLENGES TO INDEFINITE EXTENSION

OF COURSE, THERE ARE ALSO A NUMBER OF ISSUES THAT COULD COMPLICATE ACHIEVEMENT OF INDEFINITE, OR EVEN LONG-TERM EXTENSION OF THE NPT. THESE INCLUDE THE RELUCTANCE OF SOME PARTIES TO COMMIT TO INDEFINITE EXTENSION ON THE GROUNDS THAT THIS WOULD REMOVE ALL PRESSURE ON THE NUCLEAR WEAPONS STATES FOR GREATER PROGRESS TOWARD NUCLEAR DISARMAMENT AND AN INTEREST ON THE PART OF SOME COUNTRIES TO SEEK A LIMITED EXTENSION (10-20 YEARS) AND TO CONDITION FUTURE EXTENSIONS ON CONCLUSION OF A CTBT OR OTHER ARMS CONTROL MEASURE.

OTHER PARTIES MAY SEEK LEGALLY-BINDING SECURITY ASSURANCES, BOTH POSITIVE AND NEGATIVE, FROM THE NUCLEAR WEAPON STATES AND THERE WILL BE EFFORTS BY SOME STATES AND NONGOVERNMENTAL ORGANIZATIONS TO PROMOTE SUPPORT FOR A NONDISCRIMINATORY REPLACEMENT TO THE NPT, I.E., WHEREIN ALL STATES ARE NON-NUCLEAR WEAPON STATES.

THE QUALITY OF ADHERENCE TO THE NPT IS ALSO CRITICAL. WHILE UNIVERSAL ADHERENCE IS DESIRABLE, STRICT COMPLIANCE BY PARTIES TO THE TERMS OF THE TREATY IS ESSENTIAL. THERE MAY BE CONTINUING CONCERNS ABOUT TREATY VIOLATIONS BY NPT PARTIES SUCH AS IRAQ WHICH COULD CAUSE SOME PARTIES TO QUESTION THE NPT'S UTILITY OR GENERATE INTEREST IN AMENDMENTS TO STRENGTHEN ITS VERIFICATION PROVISIONS. THE DPRK'S THREATENED WITHDRAWAL FROM THE TREATY HAS ALSO BEEN A SOURCE OF GRAVE CONCERN BOTH TO THE U.S. AND TO THE INTERNATIONAL COMMUNITY. WE SEEK A NONNUCLEAR

PENINSULA AND TO THAT END WE URGE THE DPRK TO FULFILL ALL OF ITS INTERNATIONAL OBLIGATIONS, INCLUDING THE NPT AND THE DPRK'S FULL-SCOPE IAEA SAFEGUARDS AGREEMENT. WE ALSO URGE THE DPRK TO COMPLETE THE NEGOTIATION OF AND BEGIN TO IMPLEMENT AN EFFECTIVE BILATERAL INSPECTION REGIME UNDER THE NORTH/SOUTH NONNUCLEAR DECLARATION.

FINALLY, THERE ARE SIGNIFICANT STATES NOT MEMBERS OF THE NPT. IT IS IMPORTANT, FOR EXAMPLE, THAT UKRAINE AND KAZAKHSTAN FOLLOW THROUGH ON THEIR COMMITMENTS TO JOIN THE NPT AS NON-NUCLEAR WEAPON STATES AND IMPLEMENT THE REQUIRED FULL-SCOPE IAEA SAFEGUARDS AGREEMENTS.

THE ROAD TO 1995

THE ROAD TO 1995 WILL INCLUDE NONPROLIFERATION SUCCESSES AND CHALLENGES. IT WILL NOT BE A SMOOTH ROAD. THOROUGH PREPARATIONS WITHIN THE U.S. ARE ESSENTIAL, AND ACDA, AS THE LEAD AGENCY FOR THE 1995 NPT CONFERENCE, IS CARRYING OUT THESE PREPARATIONS VIGOROUSLY AND WITH THE COORDINATED SUPPORT OF OTHER EXECUTIVE BRANCH AGENCIES.

A KEY ELEMENT OF THE U.S. PREPARATIONS IS EXTENSIVE, WIDE-RANGING AND HIGH-LEVEL DIPLOMATIC CONTACT WITH OTHER NPT PARTIES AROUND THE WORLD. THE CONSULTATIONS THAT WE HAVE HAD TO DATE HAVE, IN ALMOST ALL CASES, BEEN USEFUL DIALOGUES ABOUT THE NPT AND THE NONPROLIFERATION REGIME. WE HAVE FOUND MOST PARTIES TO BE EAGER TO ENGAGE IN A DISCUSSION OF THE OPTIONS FOR EXTENSION AND WILLING TO CONSIDER THE ARGUMENTS FOR AN INDEFINITE EXTENSION. THESE CONSULTATIONS WILL CONTINUE AND BE EXPANDED BETWEEN NOW AND 1995 TO INCLUDE AS MANY NPT PARTIES AS POSSIBLE.

APPENDIX**QUESTIONS SUBMITTED FOR THE RECORD AND RESPONSES THERETO****I. IMPLEMENTATION OF THE PRESIDENT'S NONPROLIFERATION POLICY**

1. Another major nonproliferation objective outlined in President Clinton's September 27th speech at the United Nations was reform of COCOM and the U.S. export control system -- to streamline and support U.S. exports while pursuing the battle against proliferation of weapons of mass destruction.

-- What are your plans for reauthorization of the Export Administration Act?

ANSWER:

The Administration is drafting legislation with the goals of protecting our nonproliferation objectives and streamlining the existing export control system.

By addressing a mix of foreign policy, national security, and economic security issues, we believe the new EAA should reflect the realities of the post-Cold War world. To this end, we are guided by the principles outlined in the Trade Promotion Coordinating Committee (TPCC) report as well as other Presidential directives. The goal is to strike an appropriate balance -- one that sufficiently deals with our nonproliferation concerns as well as our economic interests.

-- When will we see an Administration draft bill on EAA?

ANSWER:

The Administration intends to transmit its EAA legislation not later than the end of January. We want to give Congress a sufficient opportunity to review the draft bill, schedule hearings, and begin the formal debate in earnest next spring. Our goal is to pass new legislation before the current EAA expires in June 1994. The Administration views this as a high priority, and the Department of State, Commerce and other concerned agencies are working very hard to draft a bill.

-- How do you plan to streamline export controls so that you can both promote exports and tighten controls on dual-use exports?

ANSWER:

The President has repeatedly pledged to reform the export control process so that it will effectively promote legitimate exports, which support our foreign policy and national security goals, while further tightening controls on these dual-use items that pose serious proliferation concerns. To this end, the Administration is committed to several specific improvements: Guarantee that U.S. economic interests are given greater consideration in

export controls decisions; Eliminate unnecessary and ineffective export controls; Eliminate bureaucratic delay and duplication in the licensing review and referral process; and Consolidate the Department of State's export control functions within one bureau. Already, the U.S., along with our allies in COCOM (the Coordinating Committee for Multilateral Strategic Export Controls), have reduced the number of controlled dual-use items to focus more effectively on the most sensitive technologies.

- The U.S. has a reputation for having a cumbersome, complicated licensing process that takes U.S. exporters much longer to secure licenses than exporters in other industrialized countries. Is any consideration being given to a proposal which has been around for several years of a One-Stop-Shop for export control licensing -- a single office to which an exporter could apply for a license or for licensing information?

ANSWER:

A thorough review of the export control system is now underway in the context of the Export Administration Act, which expires next year. We anticipate that this review will address major suggestions for improving the system.

In the interim, the State Department has taken concrete steps to ensure timely, thorough analysis of all export licensing requests. Specifically, the consolidation of State Department review of Commerce Department dual-use licenses as well as munitions licensing responsibilities and personnel into the Bureau of Politico-Military Affairs is already facilitating this effort. We are seeking to further reduce processing times to respond to a major industry concern. At present, most State Department munitions licenses are processed within ten working days.

2. President Clinton's nonproliferation initiative also promises a comprehensive review of U.S. conventional arms transfer policy.

- Which agencies are responsible for this review?

ANSWER:

The National Security Council is coordinating the Presidential review of conventional arms transfer policy. The departments and agencies that will be involved in the drafting process are State, DoD, Commerce, the Arms Control and Disarmament Agency, and the Central Intelligence Agency.

- How will this review differ from previous reviews -- by the Office of Technology Assessment, the General Accounting Office, the Congressional Budget Office, and the Congressional Research Service?

ANSWER:

The current review will take a fresh look at all aspects of our conventional arms transfer policy. In so doing it will take into account previous reviews undertaken by other agencies and Congressional bodies.

In the changed circumstances of the end of the Cold War, including substantially changed markets for defense exports as well as new regional realities, our conventional arms transfer policy should incorporate four principal goals: contributing to peace and security in regions of the world, protecting U.S. troops while supporting our allies, restraining proliferation of destabilizing weapons systems, and preserving our defense industrial base. The policy review will focus on two broad lines of inquiry: the utility of enhancing transparency and/or limiting supplies of conventional arms (either by region or type) and the appropriateness of adopting measures to promote U.S. conventional arms exports. Naturally, there will be some tension between these two lines of inquiry.

On the restraints/transparency side, there will be interagency examination of past efforts at enhanced transparency, such as the P-5 process begun following the Gulf War and the UN Arms Register, with an eye to expanding or revitalizing these efforts where practical. The review will also examine the feasibility of new regimes aimed at limiting transfers by type or region in a way that is consistent with the Administration's broader foreign policy goals.

On export promotion, the review will examine the changing domestic and international arms market, the relationship among exports, jobs and the defense industrial base, and the proper role for the government to play to ensure a level international playing field for U.S. defense firms. This will include the government's role in marketing, export financing, and internationalization of U.S. defense procurement. Finally ,the review will examine how efforts at cooperative defense conversion in the states of Central/Eastern Europe and the former Soviet Union could help achieve our conventional arms transfer policy goals.

- How will this review relate to existing legislation on arms exports, the Arms Export Control Act, to arms registry efforts at the UN, to the Permanent Five Talks on Arms Transfers, and to past Congressional efforts to legislate a multilateral conventional arms restraint regime?

ANSWER:

We are reviewing the arms transfer policy in the context of all existing legislation including the Arms Export Control Act and the Administration's proposed revision of the Foreign Assistance Act. The review will also be guided by the Administration's commitment to pursue regional arms control and multilateral arms transfer regimes including the UN Register and the Permanent Five Talks. We will, of course, take into account the recommendations expressed by Congress on such regimes in Title IV of the Foreign Relations Act for FY 1992 and 1993. In so doing we will attempt to build on existing efforts.

II. COCOM

1. One of the most difficult aspects of your COCOM-successor proposal, it seems to me, will be getting international agreement on how to handle states such as Iran, Iraq, Libya and North Korea.

- What progress, if any, are you making in getting a unified policy on exports to these states?

ANSWER:

Our basic goal is to design a regime that will take the place of COCOM to deal with new threats to international and regional security. We have put forward a proposal for a new flexible regime that has among its goals that of ensuring greater responsibility and transparency with respect to arms sales and transfers of sensitive dual-use items, with a particular focus on areas such as the Middle East and South Asia.

At the same time, our proposal has the further goal of ensuring that sensitive arms and other dangerous items do not fall into unsafe hands, and that the new regime can function effectively to deny access of such items to states whose behavior is a cause for serious concern.

While discussions among our allies and with other prospective partners are continuing, we have made some progress, though all of the understandings and agreements reached to date will be subject to further review and approval by governments and reflected in guidelines and procedures that are still being negotiated. That said, on a preliminary basis, all of the seventeen industrialized democracies that participate in the COCOM arrangement have accepted our position that the new regime should work to prevent the acquisition of armaments and dual-use items for military end uses in regard to Iran, Iraq, Libya, and North Korea, though they prefer that this understanding not be accentuated in public.

We also have general acceptance by our partners that prospective members in the

new regime will need to accept (in addition to other criteria being developed) a moratorium on military related shipments to these four. This is important as we seek to broaden participation in the new regime to include other suppliers, such as the Visegrads, Russia and other major states of the former USSR, and developing countries that have established credible nonproliferation credentials. The underlying policy would be that access to sensitive technology requires adherence to nonproliferation norms and responsible export controls.

But there are differences. Europe's policy towards Iran involves a higher level of trade in dual-use items for civil end uses than our own stricter policies. We will continue to work to narrow the differences in this area -- and are pressing hard for procedures with teeth to ensure transparency and prior notification concerning any such sales to these four states as a function of the new regime. But it is unlikely in the near term that we will be able to develop fully harmonized policies on all proposed civil end uses of dual-use items. That is why we have put forward a proposal for a new regime that also provides a channel in which we can continue to pursue our concerns in areas where there is a divergence of views with partners -- in particular, through ongoing discussion of the behavior of such states and prospects for diversion of sensitive items.

III. CONVENTIONAL ARMS SALES

1. The United States has extensive military coproduction/codvelopment programs with NATO partners, Japan, the Republic of Korea, Israel and Egypt. Such programs spread the burden of the defense development programs, but also carry the risk of the proliferation of U.S.-origin technologies.

-- How do you react to reports that Israel has engaged in the transfer of U.S.-origin missile technologies to the People's Republic of China?

ANSWER:

Israel has engaged in sales of military equipment to China. We have raised with the Government of Israel concern over the possibility of Israeli sales of U.S.-origin technology or hardware to China.

When we receive reliable reports of possible diversions, we discuss them with Israel. We report to Congress whenever required under Section 3 of the Arms Export Control Act. We have emphasized in our discussions with Israel the need to deal with diversion questions, because we do not want them to become an obstacle to the close collaboration on defense issues which has always characterized our relationship.

- If so, what steps does the Clinton administration intend to take so as to preclude and deny such transfers in the future?

ANSWER:

The United States maintains strict policies with respect to the transfer of U.S. technology, and we have continuously impressed upon our allies this fact. Therefore, when we receive reliable reports of possible diversions, we discuss them with the appropriate country. We report to Congress whenever required under Section 3 of the Arms Export Control Act. We have emphasized in our discussions with allies the need to deal with diversion questions, because we do not want them to become an obstacle to the close collaboration on defense issues which ha always characterized our relationship.

- What do you see as the proliferation risks of the U.S.-Japan FSX program, and the U.S-Korea fighter program?

ANSWER:

The United States has engaged in military coproduction or codevelopment programs only with countries that already have access to high levels of technology and where cooperation does not threaten our national security interests, including proliferation concerns. Additionally, we have focussed our efforts on projects that promote interoperability and mutual security relationships with our allies. Japan and South Korea, for example, are our closest friends and allies in North East Asia. Both relationships go back more than four decades, and exemplify the importance of close security cooperation.

We have also taken steps with Japan and Korea to ensure that co-production and co-development agreements and Memoranda of Understanding (MOU) stringently control the transfer of sensitive technology and prevent the diversion of the technology to any unauthorized purposes. Any new co-production and co-development programs will be subject to the same close scrutiny. We judge the proliferation risks, therefore, to be low.

- Could you provide the Committee with your assessment of all major U.S. military coproduction and codevelopment programs, from the standpoint of proliferation risks?

ANSWER:

The United States has engaged in military coproduction or codevelopment programs only with countries that already have access to high levels of technology and where cooperation does not threaten our national security interests, including proliferation concerns. We have not engaged in cooperation that would significantly enhance other

countries' offensive, military capabilities, thereby jeopardizing regional stability. Nor have we entered into cooperative agreements with countries that do not have effective export control regimes to prevent the flow of sensitive items and technologies outside their borders.

Rather, we have focussed our efforts on projects that promote interoperability and mutual security relationships with our allies. Japan and South Korea, for example, are our closest friends and allies in North East Asia. Both relationships go back more than four decades, and exemplify the importance of close security cooperation.

We have taken steps to ensure that co-production and co-development agreements and Memoranda of Understanding (MOU) stringently control the transfer of sensitive technology and prevent the diversion of the technology to any unauthorized purposes. Any new co-production and co-development programs will be subject to the same close scrutiny.

Because we do not have cooperative agreements with known or suspected proliferators and include stringent controls in the agreements we do have, the fundamental issues are less proliferation and national security concerns, than economic and commercial issues i.e., the possibility that foreign industry could adapt or use U.S. military technology to make gains in U.S. and world markets, to the disadvantage of U.S. industry. An issue for consideration is the extent to which U.S.-origin technology could be adapted to commercial uses to increase a foreign country's competitive position in various fields, including airliners, business jets, and small space launch vehicles.

Also, even countries which strictly control their defense exports to third countries as well as their own defense acquisitions could apply U.S. military technology to further develop their own indigenous arms industry for export to the United States. These countries could use U.S.-origin technology to become competitors to our domestic industry for the provision of components, subsystems, and systems to the U.S. military. Growing U.S. dependence on foreign sources, such as Japan and Korea, for critical military technology has been raised as a concern in public debates, and this deserves attention as we develop these relationships in the future.

In the past, we have sought MOUs and end-use assurances guaranteeing that military technology would not be diverted to unapproved military projects or to the commercial sector and ensuring respect for intellectual property rights for any patents that might arise from the coproduction or joint research. We have sought to balance the potential disadvantages of codevelopment and coproduction programs with the potential advantage of flow-back of new technology which arises as part of the project. We are on our guard against weighing technology flow-back too heavily when evaluating the merits of a program, but recognize that coproduction and codevelopment projects can offer the opportunity for U.S. industry to gain access to new technology as well as lower the cost and improve the quality of military systems and equipment for our armed forces.

2. What is the Clinton Administration's policy regarding the transfer of U.S. defense articles and services that have been declared excess?

ANSWER:

During this period of fiscal constraint and decreasing security assistance levels, prudent transfers of EDA on a grant or low cost basis are a sensible, cost effective method to assist friends and allies meet their legitimate defense requirements. Because of DOD downsizing, substantial amounts of DoD equipment are likely to become excess to DoD force requirements and thus available for sale or transfer to eligible countries in the next few years.

- Does the Clinton Administration have any plans to submit new policy guidelines with respect to the transfer of U.S. defense articles and services that have been declared excess?

ANSWER:

A full review of our conventional arms transfer policy is now underway. We expect to complete that review and to issue new policy guidelines with respect to all conventional arms transfers early in 1994. Those criteria will apply both to transfers of excess defense articles and to proposed transfers of new equipment.

- What amount of U.S. defense articles and services do you believe will be declared as excess over the next 2-3 years?

ANSWER:

Unfortunately, it is difficult for the military departments to project estimates for EDA over the next few years since articles can only be declared excess after they are found to be in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock. As well, budget uncertainties, realignment of the force structure, and other ongoing reviews make projections of EDA availability even more problematical. Once force reductions and mission realignments have stabilized, more accurate projections may be possible.

- Should the Committee anticipate a determination that F-16 fighter aircraft will be declared excess in the near future?

ANSWER:

There are no plans to declare F-16's excess. Given the requirements for an excess

declaration, I do not anticipate such a move in the near future. There may, however, be some non-excess F-16 sales to foreign governments from Air Force inventory.

IV. COUNTRY QUESTIONS

A. Iran

1. For a number of months now we have heard that the Administration is considering the application of the Boeing company for a license to sell 20 Boeing 737 passenger aircraft to Iran.

- What is the status of this matter?

ANSWER:

Due to the confidentiality provisions of Section 12(c) of the EAA, I cannot confirm or deny the existence of any requests to sell aircraft to Iran. However, under the Iran-Iraq Arms Non-Proliferation Act of 1992 (Title XVI of the National Defense Authorization Act for Fiscal Year 1993), license applications for the export of commodities controlled for foreign policy or national security reasons, including dual use items, cannot be approved for Iran. The law provides for exceptions for contracts concluded before the effective date of the Act and for issuance by the President of a national-interest waiver.

- Has a decision been taken by the Administration?

ANSWER:

Due to the confidentiality provisions of Section 12(c) of the Export Administration Act, I cannot confirm or deny the existence of any requests to sell aircraft to Iran.

- If not, why has this decision been delayed for so long?

ANSWER:

Due to the confidentiality provisions of Section 12(c) of the Export Administration Act, I cannot confirm or deny the existence of any requests to sell aircraft to Iran.

- How would approval of the sale fit in with U.S. efforts to persuade its allies

not to sell dual use items to Iran?

ANSWER:

While I cannot confirm or deny the existence of any requests to sell aircraft to Iran because of the confidentiality provisions of section 12(c) of the Export Administration Act, the President has stated he intends to pursue a firm policy toward Iran. Current policy does not allow for aircraft sales to Iran.

By the same measure, USG policy -- while stricter at this time than the policies of our allies in respect to dual use transfers to Iran -- does not represent a total embargo on all dual use sales to Iran, but does prohibit specific goods identified in law or regulation.

We continue to pursue vigorously with our allies a coordinated approach -- including for dual use exports -- to dealing with Iran's behavior, which on a number of issues is completely unacceptable. This includes Iran's support for and sponsorship of terrorism, its violent opposition to the Middle East peace process, its human rights abuses at home, its quest for weapons of mass destruction and ballistic missiles and its efforts to subvert moderate governments throughout the region.

-- What dual use items have been sold by or are in the pipeline from our allies?

ANSWER:

We do not have a complete or detailed picture of what dual-use items have been sold to Iran or are in the pipeline from our allies -- or from other producers. This is one of the reasons why we have considered it important to advance our initiative for multilateral coordination of dual-use items to states whose behavior is a cause for serious concern, such as Iran. Under our approach, there would be transparency and multilateral coordination among the major producers of dual-use technologies for such transfers on the basis of an agreed list of items.

B. South Asia

1. Does the administration plan to ask for any changes in the Pressler amendment [under which most U.S. aid to Pakistan is prohibited because of Pakistan's nuclear activities]?

-- If not, does this indicate that you are resigned to the present impasse in US-Pakistani relations?

ANSWER:

The discussion draft of the rewrite of the Foreign Assistance Act (FAA) omits all country specific amendments, including the Pressler Amendment. In an effort to preserve the President's flexibility in carrying out foreign policy, the FAA rewrite imposes generic foreign aid sanctions on the basis of objectionable activities by other governments (e.g., gross human rights violations, terrorism, nuclear proliferation, etc.).

This does not indicate any weakening of the Administration's desire to check nuclear proliferation in South Asia. Pakistan will continue to be subject to sanctions under the Administration's proposal.

The FAA rewrite retains sanctions from the existing Foreign Assistance Act for objectionable behavior in the nuclear field, drawn directly from the passages known as the Glenn, Symington, and Solarz amendments.

In addition, as a matter of Administration policy, satisfaction of the Pressler standard will remain the essential basis for exercising the national interest waiver in the rewrite and for resuming economic and military assistance, or for any decisions by the U.S. Government to sell or transfer military equipment or technology to Pakistan.

Should such a waiver for Pakistan be considered in the future, obviously, we would consult with Congress.

We are not resigned to a state of impasse in South Asia with regard to the proliferation of weapons of mass destruction.

We believe there may be means to make significant progress in achieving our nonproliferation objectives in that region. We believe the President's global nonproliferation initiatives -- e.g., the CTBT and fissile material cutoff initiative -- may offer us ways to move forward on this issue.

We will consult closely with Congress on our efforts to achieve the objective of reducing and finally eliminating the threat of proliferation of weapons of mass destruction in South Asia.

We will continue to work with Congress in completing the final submission of the rewrite of the Foreign Assistance Act.

2. The U.S.-Indian agreement on the Tarapur nuclear plant has expired.

-- Is India abiding by international safeguards at Tarapur?

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ANSWER:

The International Atomic Energy Agency (IAEA) continues to apply safeguards at Tarapur under an agreement entered into by the Government of India and the Agency to continue safeguards on an interim basis until December 31, 1993, pending negotiation of a new safeguards agreement for the post-December 31 period. The IAEA Board of Governors is scheduled to review for approval in early December a draft of a new safeguards agreement.

- What steps have been taken to prevent this issue from becoming a major diplomatic problem between India and the U.S.?

ANSWER:

The United States and India have been consulting closely on issues arising from the expiration of the Tarapur Agreement, including during two days of discussions in mid-September. We expect that these consultations will continue.



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